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HISTORY ON PUBLIC LAW 90-577

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

HEARINGS BEFORE THE SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

S. 698

THE PROPOSED INTERGOVERNMENTAL COOPERATION
ACT OF 1967

S. 735

THE PROPOSED FEDERAL GRANT-IN-AID REVIEW ACT
OF 1967

S. 458

TO PROVIDE FOR PERIODIC CONGRESSIONAL REVIEW
OF FEDERAL GRANTS-IN-AID TO STATES AND TO
LOCAL UNITS OF GOVERNMENT

AND

S. 2981

THE PROPOSED JOINT FUNDING SIMPLIFICATION
ACT OF 1968

MAY 9, 10, 14, 15, 16, 21, 22, 28, AND 29, 1968

Printed for the use of the
Committee on Government Operations



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WASHINGTON : 1968

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INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

THURSDAY, MAY 9, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 3302, New Senate Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senator Edmund S. Muskie, Democrat, Maine.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

OPENING STATEMENT OF THE CHAIRMAN

Senator MUSKIE. The committee will be in order.

I have an opening statement. Today we open hearings on S. 698, the Intergovernmental Cooperation Act and related legislation, S. 735, S. 458, and S. 2981.

S. 698 is a comprehensive bill devoted to improving the administration of Federal assistance programs at State and local levels. It provides for uniform Federal policies of coordination and cooperation with those levels of government which must carry out national goals, and meet national needs at the local level.

Last year, President Johnson sent a special message to Congress on the "Quality of American Government." The President in his conclusion said in part:

Because of the social and economic legislation passed by the 88th and 89th Congresses—legislation unmatched in all the annals of our history—this Nation now has programs which can lift the quality of American life higher than any before us have known.

What remains for us now is to improve the quality of government itself—its machinery, its manpower, its methods—so that those programs will touch and transform the lives of the people for whom they were intended.

Governor Terry Sanford, in his book, "Storm Over the States" sees the need for modernizing our federal system in the light of the impact of our future technological revolution. He says:

The shadowy outlines of the future are sharpened day by day, and with emerging clarity we begin to see the forms of dome-covered cities, agriculture without soil, commercial rocket travel, drugs which alter personality, control of the weather, and containment of the population explosion. With all these perplexing influences on man's life, it is predictable that our system of Government will adjust and readjust. Where weaknesses and inequities show, they will be corrected or overcome. The forms of our Government will remain, in

deference to history, but their role in the technological tomorrow will be set by our concern of today.

These statements are symbolic of the increasing concern being expressed by administrative officials at all Government levels, by academicians, by legislators, by industry and labor, and the public at large. It is the concern for an integrated federal system, a cooperative venture, a modern machine to meet the increasing needs and services of tomorrow.

It has been the responsibility of this committee over the past 6 years to investigate the workings of our federal system.

In most areas we have found a far greater degree of individual freedom and decisionmaking at the local level of government than exists in any other major country in the world. This makes possible the greatest extent of popular participation and consent envisioned by our Founding Fathers.

Increased grassroots citizen participation is essential to the vitality of our democratic system. At the same time, it does contribute to problems of intergovernmental coordination and cooperation, inequitable applications of collecting and distributing fiscal resources, and a tremendous demand for more qualified administrative personnel.

We have over 82,000 local units of government, most with their own taxing, planning and operating authorities.

We have 50 States with thousands of relatively autonomous agencies, departments, and authorities carrying on additional operating and planning responsibilities.

And at the Federal level we have over 21 Federal agencies and hundreds of regional and subregional offices administering over 500 separate grant-in-aid authorizations.

The needs for cooperation, not competition, for closing the information gap between levels, for developing a partnership in the interests of economy and efficiency in our federal system were never more serious than they are today.

Testifying before this subcommittee during the first phase of our creative federalism hearings, Secretary John Gardner, scholar and firsthand observer of federalism in action at every level, said this:

In almost every domestic program we are encountering crises of organization. Coordination among Federal agencies leaves much to be desired. Communications between the various levels of government—Federal, State and local—is casual and ineffective. State and local government is in most areas seriously inadequate.

We will never get more than a fraction of the full yield from the taxpayer's dollar until local, State and Federal governments—and the American people generally—decide that action is needed.

The time has come to correct these deficiencies. And the American people are capable of correcting them. We have a President who is keenly interested in the problem. We can improve coordination at all levels. We can revitalize State and local government. We have it in our power to create a healthier Federal-State-local partnership than has ever before existed—and healthier partnerships between the governmental and non-governmental worlds than ever before existed—partnerships that will ensure the integrity and vitality of the non-Federal partner.

The challenge Secretary Gardner was making was to this Congress, recognizing at the same time that there are some things that only State and local governments can do for themselves. But it is the Congress which must take the lead in helping the States and localities solve their problems of management, money, manpower, and modernization.

S. 698 and the related legislation upon which these hearings are based, are attempts to provide at least a start to better intergovernmental cooperation. Most of the titles and legislative language are familiar to a majority of the members of this committee.

The titles of S. 698 providing for improved administration of grants to the States, periodic congressional review of grants, provision for Federal technical services to the State and local governments, a coordinated Federal urban assistance policy and an urban land utilization policy were passed by the Senate in the last Congress and were in varying forms the subjects of extensive hearings going back to the 87th Congress. The same is true of S. 458 and S. 735, dealing with congressional review.

Title VIII of S. 698, making relocation payments and assistance available to persons and businesses displaced by Federal or federally assisted programs, and title IX, providing for a uniform land acquisition policy, are similar to S. 1681, which also passed the Senate in the last Congress and which includes additional language based on S. 1201 on which hearings were held in the 89th Congress. This legislation came out of the recommendation contained in a special study on the problems of real property acquisitions conducted by a select subcommittee of the House.

The entirely new legislation in S. 698 involves title VI, providing a method for the consolidation of Federal grant programs, and my amendment to the bill which would add a new title X providing for improved coordination in the accounting, auditing and reporting of Federal assistance programs.

With so much of this legislation previously heard and agreed upon on the Senate side, the question might be raised: why additional hearings? Why not move it up and out?

First, we have two new members who, from the beginning of their assignment to the committee, have exhibited an active interest in intergovernmental problems and will have, I am sure, a special interest in the subject matter of S. 698.

Second, the accelerating problems faced by our State and local governments—in riots and tension; in expanding urbanization; in utilizing Federal aid programs, and in developing meaningful planning—make a new look at this legislation mandatory.

Third, although we have labored diligently during the past few years to perfect the legislative language and to incorporate workable concepts, the recent proliferation of studies in the field of Federal-State-local relations give us justification for reviewing the latest thinking on these subjects, particularly with respect to assisting persons and businesses displaced by Federal programs.

Fourth, we have before us also S. 458 and S. 735, which propose somewhat different approaches to the objective of periodic congressional review of grant-in-aid programs. These need to be considered along with the corresponding provisions of S. 698.

Finally, we shall be taking testimony on S. 2981, an entirely new bill, but closely related to the other legislation we are considering. This is the Joint Funding Simplification Act of 1968, introduced by Senator McClellan at the request of the administration, to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance

program, to simplify requirements for the operation of those projects, and for other purposes. This raises some of the questions we would like to explore in these hearings.

S. 698 has 10 prospective titles and a great number of separate sections. It is, in fact, an omnibus bill. We welcome comments and suggestions on any and all parts of the bill, but I hope the witnesses will make a special attempt to cover some of what we consider to be the more significant current issues.

In title II, we provide for grant information to the States. What is the most effective means of channeling usable information to Governors and legislators concerning the impact and scope of Federal programs?

To what degree have the Bureau of the Budget and the Federal agencies coordinated their resources to provide this information?

The President's message on the quality of American Government and various executive orders have stressed the need for a free flow of information of this kind and we shall be interested to learn what new approaches can be used.

Title II also gives a permissive waiver to the single State agency concept. What has been the degree to which this requirement has tended to weaken executive power and leadership in State and local development programs, and how has it added to the difficulties of program coordination and planning?

In title III, permitting Federal technical assistance, we made a special attempt to improve the legislative language to meet the concern of private interests also providing special and technical services to State and local governments. Were our changes adequate, and are further changes needed to assure private enterprise an appropriate role in helping to improve our Federal system?

Title IV, although general in its language, is one of the most far-reaching requirements in the bill. It is a congressional mandate for a Federal intergovernmental coordination policy with respect to grant administration in urban development.

In view of what we now know of the urban crisis, is the language of title IV properly geared to present needs? Does it lead in the direction of a national policy that takes into account the need for balanced development of both urban and rural areas? Does it provide for coordination on the full scale necessary if national, regional, State and local priorities are all to be fairly served?

This is the delicate balance of federalism. I have suggested a special "working secretariat" in the Office of the President, a National Intergovernmental Affairs Council, to speak for the President in hammering out this policy. That legislation is not a part of this bill; but this title deals with the same problem.

Title V concerns congressional review of future Federal grant programs. So also do S. 458 and S. 735. This idea has been with us for a long time, but there has been continuing opposition to some of the language we have used, particularly with reference to the provision for expiration after 5 years of grant programs hereafter approved without a termination date.

In title VI, we have a new approach to coping with the proliferation of Federal grants which, in some cases, has caused confusion in the Federal system.

I would like testimony on the benefits of this proposal. What are the merits, the savings, the advantages to coordination and flexibility for State and local governments of this title?

Is this a realistic way of reducing over 500 authorizations and appropriations? Title VI is a step forward, but additional steps may be needed.

On title VII, I have a basic question. Will the language assure that future land transactions by the GSA will support, rather than frustrate, the efforts of local communities in their land planning and use programs?

Title VIII is, in my opinion, one of the most important titles in the bill. Although figures tend to be speculative, particularly in view of reduced Federal spending, we may expect the dislocation of over a million families and individuals, 180,000 businesses, and 40,000 farm operators over the next 10 years as a result of Federal or federally assisted programs.

Much of this will concern the poor and the elderly—white and black—where the impact hits with greatest force.

Are the measures we have provided adequate to assist and compensate these people and businesses in the light of what we now know about the personal and economic impact of dislocation today?

For those whose property is taken to make way for public improvement, is the fair market value standard of compensation enough to enable people to take up their lives in a similar or improved manner elsewhere?

What can be done to provide for relocation assistance at an earlier stage than is presently provided—for assistance at the stage when the planning and surveying of the proposed project is announced, and people panic? What can be done to relieve them of the fear of removal and smooth the road to orderly relocation?

With respect to title IX, have we succeeded in providing ground rules sufficient to insure that the Federal Government and State and local governments using Federal funds will deal fairly, whether by negotiation or condemnation, in taking land for public improvement?

In closing, I want to say that I am optimistic about this bill. The House Committee on Government Operations held hearings on the first five titles in 1966, and is continuing with its consideration this year. The mood may be changing toward the concept of meaningful compensation and assistance for acquisition and relocation under Federal and federally assisted programs.

It always takes years for good ideas to surface, and eventually become law. We are hopeful that the administration today will set the stage for a much stronger support for the measures contained in S. 698 than it has in the past.

Last year we passed the first really significant step forward in intergovernmental relations legislation in years—the intergovernmental personnel bill. That bill is moving forward in the House, and would provide funds and assistance for the development of State and local personnel systems, training programs, fellowships, and exchange of personnel. The support among State and local administrators for this legislation was tremendous.

Now we are down to the next big step this year: The Intergovernmental Cooperation Act.

I emphasize again that this is a congressional initiative to help the States modernize their administration of Federal programs; to help the local governments to obtain coordinated Federal assistance in line with their comprehensive planning; and to help the people and the businesses to get a fair shake when the Federal bulldozer plans to move in on them.

The cost of this bill is marginal compared with the efficiency, economy, and human protection it will generate to help build a better America. Finally, passage of the legislation would demonstrate recognition by the Congress that cooperation and coordination—the basic ingredients of the “new federalism”—start with local and State governments, with every measure of assistance and cooperation from the Federal level.

I think I appreciate today, as I have for some time, that this is for most people a dry, technical, incomprehensible subject, but I think it is concerned with issues which are the very life of our democratic system. I notice that we now have some new additions to our audience this morning, some young, who probably will find it dry, technical language with which we will be dealing this morning, completely dry and incomprehensible, almost as much as in their classrooms, but what we are dealing with here is of great importance to them, and if they will remember nothing more about their visit here, what we are concerned with is ways to make our Government better, to make it work more effectively for the benefit of youngsters like yourselves. We welcome you here this morning.

I shall now, without objection, place in the record the texts of S. 698, amendment No. 748, intended to be proposed to S. 698, S. 735, S. 458, and S. 2981, together with explanatory statements and agency reports on these bills.

(The material referred to follows:)

[S. 698, 90th Cong., first sess.]

A BILL To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the “Intergovernmental Cooperation Act of 1967.”

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term “Federal agency” means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation, and for the purposes of title VIII, the Architect of the Capitol.

STATE

SEC. 102. The term “State” means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State. For the purposes of title VIII and title IX the term “State” does include such political subdivisions.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL FINANCIAL ASSISTANCE

SEC. 107. The term "Federal financial assistance" does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means special statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which the Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning", except in title VI, includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

URBAN DEVELOPMENT

SEC. 110. "Urban development" means all projects or programs for the acquisition, use, and development of open space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

STATE AGENCY

SEC. 111. For the purposes of titles VIII and IX, the term "State agency" means any agency or instrumentality created by a State, or by a political subdivision of a State or by agreement between two or more States or by two or more political subdivisions of a State or States.

HEAD OF AGENCY

SEC. 112. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

DISPLACED PERSON

SEC. 113. The term "displaced person" means—

(1) any person who is the owner of a business which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(2) any person who is the farm operator of a farm operation which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(3) any individual who is the head of a family which moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or which moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency of other real property on which such family conducts a business or farm operation;

(4) any individual, not a member of a family, who moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or who moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency, of other real property on which such individual conducts a business or farm operation; and

(5) any individual, not described in paragraph (1), (2), (3), or (4) of this section, who moves his personal property from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency: *Provided*, That this shall not include the owner of property on the premises of another under a lease or licensing arrangement where such owner is required pursuant to such lease or license to move such property at his own expense.

BUSINESS

SEC. 114. The term "business" means any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the sale of services to the public; or (4) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale for gain.

FARM OPERATION

SEC. 115. The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

FARM OPERATOR

SEC. 116. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

FAMILY

SEC. 117. The term "family" means two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

ELDERLY INDIVIDUAL

SEC. 118. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 119. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 120. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

OWNER AND PERSON

SEC. 121. The terms "owner" and "person" mean any individual, and any partnership, corporation, or association.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States shall, upon request, notify in writing the Governor or other official designated by him, or the State legislature, of the purpose and amounts of actual grants-in-aid to the State.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program,

the head of any Federal department or agency may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organization arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment to the department or agency by the unit of government making the request, of salaries and all computable overhead and indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations, determines may be provided by Federal departments and agencies. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged, or to the appropriation currently available for the cost of similar services.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF GRANTS FOR URBAN DEVELOPMENT

DECLARATION OF URBAN ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation, its strength in world affairs and the achievement of satisfactory levels of living depend in

large degree upon the sound and orderly development of urban communities. In pursuit of this basic objective, the President shall establish rules and regulations for uniform application in the formulation, evaluation, and review of urban development programs and projects for the provision of federally aided urban facilities, and Federal projects having a significant impact on the development of urban and urbanizing communities. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives of urban development, and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

(1) Appropriate land uses for residential, commercial, industrial, governmental, institutional, and other purposes;

(2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

(3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

(4) Adequate outdoor recreation and open space;

(5) Protection of areas of unique natural beauty, historical, and scientific interest;

(6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes;

(7) Any other objective through which urban development activities can contribute to the economic, social, and cultural development of the Nation, its strength in world affairs, and the achievement of enhanced levels of living; and

(8) Concern for high standards of design.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning urban development programs and projects. Regional, State, and local government objectives shall be considered and evaluated within a framework of national public objectives, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State and local government comprehensive planning for urban development. Consideration shall be given to all developmental aspects of the total urban community, including but not limited to housing, transportation, economic development, natural resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering an urban development aid program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and made part of comprehensive local and areawide urban-development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid for urban development, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid for urban development to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 501. It is the purpose and intent of this title to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grants-in-aid as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment; and (3) grant programs are terminated when they have substantially achieved their purpose. It is further the purpose and intent of this title to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in the operation thereof.

EXPIRATION OF GRANTS-IN-AID PROGRAMS

SEC. 502. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid to two or more States or to political subdivisions of two or more States and no expiration date for such authority is specified by law, and such grant is not specifically exempted from the provisions of this title, then the authority to make grants-in-aid by reason of such Act to States, political subdivisions, and other beneficiaries from funds not therefore obligated shall expire not later than June 30 of the fifth calendar year which begins after the effective date of such Act.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

SEC. 503. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid over a period of three or more years to two or more States or to political subdivisions of two or more States, then during the period beginning not later than twelve months immediately preceding the date on which such authority is to expire, the committees of the Senate and of the House to which legislation extending such authority would be referred shall separately or jointly, conduct studies of the program under which such grants-in-aid are made with a view to ascertaining, among other matters of concern to the committees, the following:

- (1) The extent to which the purposes for which the grants-in-aid are authorized have been met;
 - (2) The extent to which such programs can be carried on without further financial assistance from the United States;
 - (3) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto, to conform to recommendations by the Comptroller General under section 504, should be made;
 - (4) Whether or not any changes in purpose, direction, or administration of the original program should be made in the light of reports and recommendations submitted on request by the Advisory Commission on Intergovernmental Relations; and
 - (5) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.
- Each such committee shall report the results of its investigation and study to its respective House not later than one hundred and twenty days before such authority is due to expire.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 504. The Comptroller General shall make continuing studies of presently existing and all future programs for grant-in-aid assistance from the Federal Government to the States or their political subdivisions concerning the extent

to which programs conflict and duplication can be eliminated and more effective, efficient, economical, and uniform administration of such programs could be achieved by changing certain requirements and procedures applicable thereto.

In reviewing such programs the Comptroller General shall consider, among other relevant matters, the equalization formulas, and the budgetary, accounting, reporting and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 505. Upon request of any committee referred to in section 503, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 506. (a) Each State or political subdivision thereof receiving assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification, or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant may prescribe, including records which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The head of the Federal agency administering such grant and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients that are pertinent to the grants received.

TITLE VI—CONSOLIDATION OF GRANT-IN-AID PROGRAMS

STATEMENT OF PURPOSE

SEC. 601. (a) The President shall from time to time examine the various programs of grants-in-aid provided by law and shall determine what consolidations are necessary or desirable—

(1) to promote the better execution and efficient management of individual grant programs within the same functional area ;

(2) to provide better coordination among individual grant programs within the same functional area ; or

(3) to promote more efficient planning and use by the recipients of grants under programs within the same functional area.

(b) The Congress declares that the public interest demands the carrying out of the purposes of subsection (a) and that the purposes may be accomplished in great measure by proceeding under this title, and can be accomplished more speedily thereby than by the enactment of specific legislation.

PREPARATION AND TRANSMITTAL OF PLAN

SEC. 602. (a) When the President, after investigation, finds that a consolidation of individual grant-in-aid programs within the same functional area is necessary or desirable to accomplish one or more of the purposes set forth in section 601(a), he shall prepare a grant consolidation plan for the making of such consolidation, and shall transmit such plan (bearing an identification number) to the Congress, together with a declaration that with respect to each indi-

vidual program consolidated under such plan, he has found that the consolidation is necessary or desirable to accomplish one or more of the purposes set forth in section 601 (a). Each such consolidation plan so transmitted—

(1) shall place responsibility in a single agency for administration of the consolidated program, and

(2) shall specify in detail the formula or formulas for the making of grants under the consolidated program, and shall set forth the differences between such formula or formulas and the formula for making grants under each of the individual programs consolidated under such plan.

(b) Each grant consolidation plan shall provide for only one consolidation of individual grant programs.

(c) The President shall have a grant consolidation plan delivered to both Houses on the same day and to each House while it is in session.

CONGRESSIONAL CONSIDERATION

SEC. 603. (a) Except as otherwise provided in subsection (c), a grant consolidation plan shall become effective at the end of the first period of ninety calendar days of continuous session of the Congress after the date on which the plan is transmitted to it unless, between the date of transmittal and the end of the ninety-day period, either House passes a resolution stating in substance that the House does not favor the grant consolidation plan.

(b) For purposes of subsection (a)—

(1) continuity of session is broken only by an adjournment of the Congress sine die, and

(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the ninety-day period.

(c) Under provisions contained in a grant consolidation plan, a provision of such plan may become effective at a time later than the date on which such plan becomes effective under subsection (a).

(d) A grant consolidation plan which becomes effective shall be printed (1) in the Statutes at Large in the same volume as the public laws and (2) in the Federal Register.

SEC. 604. (a) This section is enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b); and it supersedes other rules only to the extent that it is inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) The provisions of sections 910 through 913 of title 5 of the United States Code shall apply with respect to a grant consolidation plan and, for such purposes—

(1) all references in such sections to "reorganization plan" shall be treated as referring to "grant consolidation plan", and

(2) all references in such sections to "resolution" shall be treated as referring to a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the _____ does not favor the grant consolidation plan numbered _____ transmitted to the Congress by the President on _____, 19 ____.", the first blank therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled.

EXPIRATION DATE

SEC. 605. The authority of the President under section 602 to transmit grant consolidation plans shall expire three years after the date of the enactment of this Act.

TITLE VII—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 701. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious inter-governmental relations by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall be consistent with zoning and land-use practices and shall be made to the greatest extent in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned;

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change use by such unit of government upon the ground that the proposed acquisition of use conflicts or would conflict with the zoning regulations or planning objectives of such units; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

“DEFINITIONS

“SEC. 806. As used in this title—

“(a) ‘Unit of general local government’ means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

“(b) ‘Urban area’ means—

“(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants.

“(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

“(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

“(c) ‘Comprehensive planning’ includes the following, to the extent directly related to the needs of a unit of general local government:

“(1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities including transportation facilities, together with long-range fiscal plans for such development;

“(2) programing of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvement to be constructed in the earlier years of the program;

“(3) coordination of all related plans of the department or subdivisions of the government concerned;

“(4) intergovernmental coordination of related planning activities among the State and local governmental agencies concerned; and

“(5) preparation of regulatory and administrative measures in support of the foregoing.”

TITLE VIII—UNIFORM RELOCATION ASSISTANCE

DECLARATION OF POLICY

SEC. 801. The purpose of this Act is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs. Such a policy shall be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

PART A.—FEDERAL PROGRAMS

RELOCATION PAYMENTS

SEC. 802. (a) If the head of any Federal agency acquires real property for public use in a State, he shall make fair and reasonable relocation payments to displaced persons in accordance with the regulations established by the President under section 805 of this Act.

(b) If any displaced person who moves or discontinues his business elects to accept the payment authorized by this subsection in lieu of the payment authorized for such business by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in an amount equal to the average annual net earnings of the business, or \$5,000, whichever is the lesser. No payment shall be made under this subsection unless the head of such agency is satisfied that the business (1) cannot be relocated without a substantial loss of its existing patronage, and (2) is not part of a commercial enterprise having at least one other establishment, not being acquired by the United States, which is engaged in the same or similar business. For purposes of this subsection, the term “average annual net earnings” means one-half of any net earnings of the business, before Federal, State, and local income taxes, during the two taxable years immediately preceding the taxable year in which such business moves from the real property acquired by the United States and

includes any compensation paid by the business to the owner, his spouse, or his dependent children during such two-year period. Such earnings and compensation shall be established by Federal income tax returns filed by such business and its owner and his spouse and dependent children for such two taxable years.

(c) If any displaced person who moved from a dwelling elects to accept the payments authorized by this subsection in lieu of the payments authorized by subsection (a) of this section for moving from such dwelling, the head of such Federal agency shall make the following fixed relocation payments to such person:

(1) A moving expense allowance, determined according to a schedule established by the head of such agency, not to exceed \$200;

(2) A dislocation allowance equal to the amount paid under paragraph (1) of this subsection or \$100, whichever is the lesser;

(3) An additional payment of \$300 if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement except that such displaced person shall only be eligible for payment under this subsection when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or other type of long-term lease equivalent to fee ownership; and

(d) If any displaced person who moves or discontinues a farm operation elects to accept the payment authorized by this subsection in lieu of the payment authorized for such farm operation by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in the amount of \$1,000. In the case where the entire farm operation is not acquired by such Federal agency, the payment authorized by this subsection shall be made only if the head of such agency determines that the remainder property is no longer an economic unit.

(e) (1) In addition to any amount under subsections (a), (b), (c), and (d) of this section, the head of such Federal agency may pay to or on behalf of any displaced family, displaced elderly individual, or displaced handicapped individual, monthly payments over a period not to exceed twenty-four months in an amount not to exceed \$500 in the first twelve months and \$500 in the second twelve months to assist such displaced family or individual to secure a decent, safe, and sanitary dwelling. Subject to the limitation imposed by the preceding sentence, the additional payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average annual rental required for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family in areas not generally less desirable in regard to public utilities and public and commercial facilities: *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Secretary of Housing and Urban Development to have the same general purposes as the Federal program under such Act, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965.

(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the amount of assistance according to family size, family or individual income, average rents required, or similar considerations for all agencies making such payments.

(3) The additional payments under this subsection may be paid on a lump sum or other than monthly basis in cases in which the small size of the payments that would otherwise be required do not warrant a number of separate payments or in other cases in which other than monthly payments are determined warranted by the head of the Federal agency.

(4) No payment received under this subsection shall be considered as income for the purpose of determining the eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other Federal act.

(f) All functions performed under this section shall be subject to the operation of the Act of June 11, 1946 (60 Stat. 237), as amended (5 U.S.C. 1001-1011). Any displaced person adversely affected or aggrieved by the operation of this section after the effective date of this Act may institute in the district court of the United States for the judicial district in which such claimant resides or in which such claim first arose an action for the review of such determination. Upon the filing of such action, such court shall have jurisdiction to hear and

determine such action and to enter therein such judgment, decree, or order as it shall deem appropriate and may modify such determination upon a showing that such determination was arbitrary, capricious, or in violation of standards applicable to such determinations in similar cases.

RELOCATION ASSISTANCE PROGRAMS

SEC. 803. (a) If the head of any Federal agency acquires real property for public use in a State, he shall provide a relocation assistance program for displaced persons which shall offer the services described in subsection (c) of this section. If the head of such agency determines that other persons, occupying property adjacent to the real property acquired, are caused substantial economic injury because of the public improvement for which such property is acquired, he may offer such persons relocation services under such program.

(b) Federal agencies administering programs which may be of assistance to displaced persons covered by this Act shall cooperate to the maximum extent feasible with the Federal or State agency causing the displacement to assure that such displaced persons receive the maximum assistance available to them.

(c) Each relocation assistance program required by subsection (a) of this section shall include such measures, facilities, or services as may be necessary or appropriate in order (1) to determine the needs of displaced families, individuals, business concerns, and farm operators for relocation assistance; (2) to assure that within a reasonable period of time prior to displacement, there will be available, in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of, and available to, such displaced families and individuals and reasonably accessible to their places of employment, except that such assurance may be waived during any period of national emergency proclaimed by the President; (3) to assist owners of displaced businesses and displaced farm operators in obtaining and becoming established in suitable business locations or replacement farms; (4) to supply information concerning the Federal Housing Administration home acquisition program under section 221(d)(2) of the National Housing Act, the small business disaster loan program under section 7(b)(3) of the Small Business Act, and other programs offering assistance to displaced persons; (5) to assist in minimizing hardships to displaced persons in adjusting to relocation; and (6) to assure, to the greatest extent practicable, the coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community or nearby areas which may affect the carrying out of the relocation program.

(d) Paragraph (3) of section 7(b) of the Small Business Act is amended to read as follows:

“(3) to make such loan (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in continuing in business at its existing location, in reestablishing its business, in purchasing a business, or in establishing a new business, if the Administration determines that such concern has suffered substantial economic injury as the result of its displacement by, or location in, adjacent to, or near, a federally aided urban renewal project or highway construction program or any other public improvement program conducted by or with funds provided in whole or in part by the Federal Government or by the States; and the purpose of a loan made pursuant to such project or program may, in the discretion of the Administration, include the purchase or construction of other premises whether or not the borrower owned the premises occupied by the business and.”

STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

SEC. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, such acquisition shall, for purposes of this Act, be deemed an acquisition by the Federal agency having authority over such project and such Federal agency shall make relocation payments, provide relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency.

AUTHORITY OF THE PRESIDENT

SEC. 805. (a) To carry into effect the provisions of this title, the President is authorized to make such rules and regulations as he may determine to be necessary to assure—

(1) that relocation payments authorized by section 802 shall be fair and reasonable and as uniform as practicable;

(2) that a displaced person who makes proper application for a relocation payment authorized for such person by section 802(a) shall be reimbursed for or paid—

(A) his actual and reasonable expenses in moving himself, his family, his business, farm operation, or other personal property, and in the case of a farm operation, for his actual and reasonable expenses in searching for a replacement farm;

(B) if he disposes of personal property on moving his business or farm operation and replaces such property at the new location, an amount equal to the reasonable expenses that would have been required in moving such personal property to the new location; and

(C) such other expenses authorized by section 802(a) as may be provided for in regulations issued under this section;

(3) that a displaced person who makes proper application for a relocation payment authorized for such person by this title shall be paid promptly after a move or, in certain hardship cases, the President may, by regulation, authorize advance payment of certain relocation costs;

(4) that any person aggrieved by a determination as to eligibility for a relocation payment authorized by this title, or the amount of a payment, may have his application reviewed by the head of the agency; and

(5) that a displaced person shall have a reasonable time in which to apply for a relocation payment authorized by this title.

(b) The President may, by regulation, establish a limitation on the amount of a relocation payment authorized by section 802(a) with due consideration for the declaration of policy in this title and the provisions of subsection (a) of this section and section 807(b).

(c) In order to prevent unnecessary expense and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, the President is authorized to require that any Federal agency make relocation payments or provide relocation services, or otherwise carry out its functions under this title, by utilizing the facilities, personnel, and services of any other Federal agency, or by entering into appropriate contracts or agreements with any State agency having an established organization for conducting relocation assistance programs.

(d) The President may make such other rules and regulations consistent with the provisions of this title as he deems necessary or appropriate to carry out this title.

FUND AVAILABILITY

SEC. 806. Funds appropriated or otherwise available to any Federal agency for the acquisition of real property or any interest therein shall be available also for obligation and expenditure to carry out the provisions of this title.

PART B.—FEDERALLY ASSISTED PROGRAMS

RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF AVAILABILITY OF HOUSING

SEC. 807. (a) Notwithstanding any other provision of law, on and after the effective date of this Act, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay the cost in connection with the acquisition of real property or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement with the head of such Federal agency to provide to displaced persons for moves from such real property—

(1) fair and reasonable relocation payments as described in section 802 (a) of this title and in accordance with regulations established by the President under section 805 of this title;

(2) fixed relocation payments in the same amounts and under the same terms and conditions as are required to be made by a Federal agency by subsections 802 (b), (c), (d), and (e) of this title;

(3) relocation assistance programs offering the services described in section 803(c) of this title; and

(4) a feasible method for the temporary relocation of families and individuals displaced from the property acquired, and assurance that within a reasonable period of time prior to displacement, there will be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and individuals and reasonably accessible to their places of employment.

(b) The cost to a State agency providing the payments and services described in subsection (a) of this section may be included as part of the cost of the project for which Federal financial assistance is available to such State agency, and such State agency shall be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other project costs, except that the Federal agency providing such assistance shall contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. However, no State agency need agree to make any relocation payment in excess of \$25,000 to any displaced person in order to receive the assistance authorized by the subsection.

(c) In order to prevent unnecessary expenses and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, any agreement by a State agency under subsection (a) of this section shall provide that such agency may make relocation payments or provide relocation assistance or otherwise carry out its functions under this title by utilizing the facilities, personnel, and services of any other State agency having an established organization for conducting relocation assistance programs.

(d) Any grant to, or contract or agreement with a State agency executed before the effective date of this Act, under which Federal financial assistance is available to pay the cost in connection with the acquisition of real property, or of the improvement for which such property is acquired, may be amended to include an agreement as described in subsection (a) of this section.

(e) If the head of a Federal agency determines that is necessary for the expeditious completion of a public improvement for which a State agency has entered into an agreement, as described in subsection (a) of this section, to make relocation payments to displaced persons, or to provide the funds necessary to meet the requirements of section 905(b)(1) of this Act, he may advance the Federal share of such relocation payments and an amount necessary to make the required payments under section 905(b)(1) to such State agency. Upon determination by the head of such Federal agency that any part of the funds advanced to a State agency under this subsection are no longer required, the amount which he determines not to be required shall be repaid upon demand. Any sum advanced and not repaid on demand shall be deducted from sums otherwise available to such State agency from Federal sources.

DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSISTANCE UNDER TITLE I OF THE HOUSING ACT OF 1949, AS AMENDED

SEC. 808. A person who moves or discontinues his business, or moves other personal property, or moves from his dwelling on or after the effective date of this Act, as a direct result of any project or program which receives Federal financial assistance under title I of the Housing Act of 1949, as amended, shall, for the purposes of this title, be deemed to be a displaced person.

SEVERABILITY

SEC. 809. If any provision of this title, or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of the provision to other persons or circumstances shall not be affected thereby.

ACTS REPEALED

SEC. 810. (a) The following laws and parts of laws are hereby repealed:

(1) The Act entitled "An Act to authorize the Secretary of the Interior to

reimburse owners of lands required for development under his jurisdiction for their moving expenses, and for other purposes," approved May 29, 1958 (43 U.S.C. 1231-1234).

(2) Paragraph 14 of section 203(b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

(3) Section 2680 of title 10, United States Code.

(4) Section 133 of title 23, United States Code.

(5) Section 7(b) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1606(b)).

(6) Section 105(c) of the Housing Act of 1949 (42 U.S.C. 1455(c)).

(7) Section 114 of the Housing Act of 1949 (42 U.S.C. 1465 (a)-(d)).

(8) Paragraph (8) of section 15 of the United States Housing Act of 1937 (42 U.S.C. 1415(8)), except the first sentence of such paragraph.

(9) Section 404 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3071-3074).

(10) Section 107 of the Demonstration Cities and Metropolitan Development Act of 1966.

(b) Any rights or liabilities now existing under prior Acts or portions thereof shall not be affected by the repeal of such prior Acts or portions thereof under subsection (a) of this section.

TITLE IX—UNIFORM LAND ACQUISITION POLICY

PART A.—FEDERAL PROGRAMS

UNIFORM POLICY ON LAND ACQUISITION PRACTICES

SEC. 901. (a) In order to encourage the acquisition of real property by amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal programs, and to promote public confidence in Federal land acquisition practices, heads of Federal agencies shall, consistent with program requirements, be guided by the following policies:

(1) The head of a Federal agency should make every reasonable effort to acquire real property by negotiated purchase.

(2) Real property should be appraised before the initiation of negotiations, and the owner or his designated representative should be given an opportunity to accompany the appraiser during his inspection of the property.

(3) Before the initiation of negotiations for property, the head of the Federal agency concerned should establish a price which he believes to be a fair and reasonable consideration therefor and should make a prompt offer to acquire the property for the full amount so established.

(4) No owner should be required to surrender possession of real property before the head of the Federal agency concerned pays the agreed purchase price, or deposits with the court, in accordance with section 1 of the Act of February 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), for the benefit of the owner an amount not less than the appraised fair value of such property as determined by such agency head, or the amount of the award of compensation in the condemnation proceeding for such property.

(5) The construction or development of public improvements should be so scheduled that no person lawfully occupying real property will be required to move from a dwelling, or to move his business or farm operation without at least ninety days' written notice, if consistent with project requirements, from the head of the Federal agency concerned, of the date by which such move is required.

(6) If the head of the Federal agency concerned does not require a building, structure, or other improvement acquired as a part of the real property, he should offer to permit its owner to remove it. As a condition of removal, an appropriate agreement should be required whereby the fair value of such building, structure, or improvement for removal from the real property, as determined by such agency head, will be deducted from the compensation otherwise to be paid for the real property, however such compensation may be determined.

(7) If the head of a Federal agency permits an owner or tenant to occupy the real property acquired on a rental basis for a short term or for a period subject to termination by the Government on short notice, the amount of rent required should not exceed the fair rental value of the property to a short-term occupier.

(8) In no event should the head of a Federal agency either advance the time of condemnation, or defer the condemnation and the deposit of funds in court for the use of the owner, in order to compel an agreement on the price to be paid

for the property. If an agency head cannot reach an agreement with the owner, after negotiations have continued for a reasonable time, he should promptly institute condemnation proceedings and, at the same time or as soon thereafter as practicable, file a declaration of taking and deposit funds with the court in accordance with the Act of February 26, 1931 (46 Stat. 1421), if possession is required prior to the entry of the judgment in the condemnation proceeding.

(9) If an interest in real property is to be acquired by exercise of the power of eminent domain, the head of the Federal agency concerned should, except as to property to be acquired under section 25 of the Tennessee Valley Authority Act of 1933 (48 Stat. 70, as amended; 16 U.S.C. 831x), request the Attorney General to institute formal condemnation proceedings. No Federal agency head should intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of his property.

(10) If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the head of the Federal agency concerned should acquire the entire property.

(11) In determining the boundaries of a proposed public improvement, the head of the Federal agency concerned should take into account human considerations, including the economic and social effects of such determination on the owners and tenants of real property in the area, in addition to engineering and other factors.

(b) The provisions of this section, being general policies for the guidance of Federal agencies, shall create no rights or liabilities not otherwise existing or available, nor affect the validity of any property acquisitions by purchase or condemnation.

COMPENSATION FOR PROPERTY ACQUIRED

SEC. 902. If the head of any Federal agency acquires real property for public use in any State or the District of Columbia, by purchase or condemnation, the fair market value of such property shall be paid as compensation therefor unless it is the intention of the seller to convey the property for less than fair market value.

BUILDINGS, STRUCTURES, AND IMPROVEMENTS

SEC. 903. (a) Notwithstanding any other provisions of law, if the head of a Federal agency acquires land or any interest in land for public use in a State, he shall acquire a like interest, or greater interest, in all buildings, structures, or other improvements comprising part of the real property so acquired which are required to be removed from the land or which, in the opinion of such agency head, will be adversely affected by such public use, if such improvements are not required to be removed.

(b) As used in this section, the term "real property" means land, or any interest in land, and (1) any building, structure, or other improvement imbedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential and integral part thereof; (2) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (3) any article so designed, constructed, or specially adapted for the purpose for which such real property is used that (A) it is an essential accessory or part of such real property, (B) it is not capable of use elsewhere, and (C) it would lose substantially all its value if removed from the real property.

(c) For the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property.

EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED STATES

SEC. 904. (a) The head of a Federal agency, not later than the date of payment of the purchase price or the date of deposit of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is

the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(1) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(2) penalty costs for prepayment of mortgage incident to such real property; and

(3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

(b) The determination as to such payments by the head of such agency shall be final and no provision of this section shall be construed to give any person a cause of action in any court, nor may any violation of this section be raised as a defense by such person in any action.

PART B.—FEDERALLY ASSISTED PROGRAMS

REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREEMENTS FOR FEDERAL FINANCIAL ASSISTANCE

SEC. 905. (a) Notwithstanding any other provision of law, on and after the date of enactment of this Act no grant to or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement which shall provide—

(1) that every reasonable effort shall be made to acquire the real property by negotiated purchase;

(2) that the construction or development of the public improvement will so scheduled that, to the greatest extent practicable, no person will be required to move from a home, farm, or business location without at least ninety days' written notice, if consistent with project requirements, from such State agency of the date by which the move is required; and

(3) that it will be the policy of the head of the State agency, before initiating negotiations for real property, to establish a price which he believes to be a fair and reasonable consideration therefor, and to make a prompt offer to acquire the property for the full amount so established.

(b) Notwithstanding any other provision of law, on and after January 1, 1970, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property, or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance, unless such State agency has entered into the agreements described in subsection (a) of this section and has agreed—

(1) that no owner will be required to surrender possession of real property before the head of the State agency (A) pays the agreed purchase price, (B) makes available to the owner, by court deposit or otherwise, an amount not less than 75 per centum of the appraised fair value of such property, as approved by such State agency head, without prejudice to the right of the owner to contest the amount of compensation due for the property, or (C) deposits or pays the final award of compensation in the condemnation proceeding for such property;

(2) that any decrease in the value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for the proposed public improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property; and

(3) that for the purposes of determining the extent of the acquisition of real property and the value thereof, no building, structure, or other improvement will be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement, and that an amount not less than the value which such building, structure, or improvement contributes to the value of the real property

acquired, or the value of such building, structure, or improvement for removal from the real property, whichever is the greater, will be paid to the tenant therefor.

PROVISIONS REPEALED

SEC. 906. Effective on January 1, 1970, sections 401, 402, and 403 of the Housing and Urban Development Act of 1965 are hereby repealed.

[From the Congressional Record, Jan. 26, 1967]

INTERGOVERNMENTAL COOPERATION ACT OF 1967—JANUARY 26, 1967

MR. MUSKIE. Mr. President, on behalf of myself and Senators JACKSON, BOGGS, MUNDT, and MOSS, I submit, for appropriate reference, a bill entitled the Intergovernmental Cooperation Act of 1967, to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society to improve the administration of grants-in-aid; to provide technical services to State and local governments; to establish a coordinated intergovernmental policy and administration of grants and loans for urban development; to authorize the President to submit to the Congress for its consideration plans for the consolidation of individual categorical grants within broad functional areas; to provide for conformity in Federal acquisition, use, and development of urban land with local government programs; to provide for uniform relocation assistance to persons and businesses affected by federally assisted real property acquisition; and to provide for a uniform land acquisition policy in Federal and federally assisted programs.

I ask unanimous consent that the bill remain at the desk for 10 days to permit other Senators to add their names as cosponsors.

Mr. President, developments in the past year have demonstrated a growing concern for the administration of Federal grant-in-aid programs. These programs, which have been described—and correctly, I think—as the most important vehicle of intergovernmental relations, now number around 220. They are concerned with, and critical to, the development of the resources of this Nation. Their growth over the past two decades is a testament to their acceptance by a vast majority of the American people. Their effects on the development of our human resources, our natural resources, and our community environment are inestimable. They are critical to the development of our Great Society.

However, the administration of this multitude of programs has severely taxed the resources of all levels of government. And the proliferation of Federal grants has put the spotlight on the Federal system—that durable, but delicate balance of jurisdictions and powers that has evolved throughout our history.

Since its inception, the Subcommittee on Intergovernmental Relations has carried on a continuing study of the problems of the relationships which operate within our Federal system. In the 89th Congress, the subcommittee considered a number of proposals designed to resolve the problems associated with its findings. Several of these proposals focused on the grant-in-aid device. Others involved the problems of the inequities of property acquisition for public development programs, and the relocation of persons and businesses affected.

The Senate approved legislation in both of these areas during the 89th Congress.

INTERGOVERNMENTAL COOPERATION

First, the Intergovernmental Cooperation Act was passed by the Senate on August 5, 1965. This proposal was designed to achieve the fullest cooperation and coordination of activities between the levels of Government in order to improve the operation of our federal system. As passed by the Senate, the measure would—

First. Authorize full information for the Governors on grants made to their States and would provide for more uniform administration of Federal grant funds to the States. It would also improve the scheduling of fund transfers to the States and permit the States to budget Federal grant funds in much the same manner as they budget other revenues;

Second. Provide for Congressional review of future grant programs to insure that such programs are re-examined in a systematic fashion and reconsidered in the light of changing conditions;

Third. Authorize the Federal departments and agencies to render technical assistance and training services to State and local governments on a reimbursable basis;

Fourth. Establish a coordinated intergovernmental urban assistance policy, by requiring local government review of certain applications for Federal aid in urban programs. This provision would serve to strengthen metropolitan planning machinery and encourage more orderly metropolitan growth; and

Fifth. Prescribe a uniform policy of procedure for urban land transactions and use undertaken by the General Services Administration, by requiring consistency of that agency's policies with local zoning regulations and development objectives.

As I mentioned, the Senate unanimously adopted a bill which contained these five provisions. That bill had been introduced with 42 cosponsors, and had drawn broad support from many sources, including national organizations and public officials at all levels of government. Unfortunately, the House of Representatives did not take final action on this measure.

Therefore, the bill I am introducing today contains, in titles I through V and title VII, the measure which received the unanimous consent of the Senate in the last Congress. This is a proposal of utmost importance in the improved functioning of the federal system, particularly as grant-in-aid programs affect that system. It contains all the provisions of H.R. 17955 of the 89th Congress, which the House Subcommittee on Executive and Legislative Reorganization reported to its parent committee in the last week of the 89th Congress. It also includes title V—the Senate-approved provision for periodic review of grant-in-aid programs by the Congress, which the House measure omitted. I believe this provision is a sound management technique which is badly needed and of critical importance to the overall grant system.

CONSOLIDATION OF CATEGORICAL GRANT PROGRAMS

Title VI of the bill I am introducing today contains a new proposal designed to improve the management of grant-in-aid programs. Briefly, it would authorize the President to submit to the Congress plans for the consolidation of individual categorical grants within broad functional areas and to effect the interagency transfer of administrative responsibility for grant programs, subject to the type of congressional veto proviso that governs executive reorganization plans. This proposal would involve the submission to Congress of categorical grant consolidation plans, including such modifications in apportionment formulas and allocation requirements as the President deems necessary. The Congress would accept the plans or disapprove them in a manner similar to that provided in the Reorganization Act of 1949.

Mr. President, Federal grants-in-aid are unquestionably essential and effective methods of financing and administering essential programs to achieve national objectives. But, because their number and variety have increased so rapidly in recent years, the need for coordination in their administration is persistently acute. It was pointed out, in recent hearings before the Subcommittee on Intergovernmental Relations, that over 220 Federal grants-in-aid to assist State and local governments are now administered by 16 of the 21 departments and agencies of the Federal Government. We have 50 different programs to aid general education; 57 programs for vocational and job training; 35 programs involved in housing; more than 20 programs involving transportation; 27 for utilities and services; 62 for community facilities; 32 for land use; 28 for recreational and cultural facilities.

One relatively simple example of the problems which a number of similar categorical grants produce may be found in Federal grant programs for community water supply, sewer and sewage treatment facilities. Five agencies of the Federal Government are presently involved in administering such grants:

First. The Farmers Home Administration in the Department of Agriculture;

Second. The Department of the Interior's Federal Water Pollution Control Administration;

Third. The Economic Development Administration of the Department of Commerce;

Fourth. The Appalachian Regional Commission (for communities within that Commission's jurisdiction); and

Fifth. The Land and Facilities Development Administration of the Department of Housing and Urban Development.

In this particular group of aids, the agencies concerned have worked out arrangements which are designed to minimize administrative confusion. But during our recent subcommittee hearings, it became evident that confusion continues to characterize the administration of these programs. The simple form 101, by which local officials attempt to present their case for Federal aid, cannot be filled out until the local official has carefully read—and understood—four pages of closely typed instructions. Judging from a number of examples of cases of grant applications from which local officials have had no response—for sometimes as long as 2 years—I think it can safely be said that improvements in their administration are imperative. This may require action beyond voluntary cooperation among the agencies involved.

Title VI of my proposed bill would give the President the authority he needs to consolidate these programs—subject to congressional review—if he determines such action would improve their administration.

Mr. President, this proposed title has been suggested by the Advisory Commission on Intergovernmental Relations. It has been studied carefully by the Commission's experts, and I believe it merits the Senate's serious consideration. I believe the Congress itself provided a precedent for such a consolidation of programs when it enacted the Comprehensive Health Planning and Public Health Service Amendments of 1966. I hope this proposal will be seriously considered as a means to more effective management of these important grant programs.

UNIFORM RELOCATION

Mr. President, the bill I am introducing today contains two other important titles. The first of these—title VIII—is concerned with a program of uniform relocation assistance for those forced to relocate as a result of the acquisition of real property for Federal and federally aided public improvement programs.

Title VIII is not a new measure in this body. I introduced it as S. 1681 in the 89th Congress. It was passed unanimously by the Senate in July 1966 and subsequently was referred to the House Committee on Public Works, where no action was taken.

Very briefly, this title would provide a policy of uniform treatment for the thousands of individuals who are affected every year by such Government projects as urban renewal and highways.

Mr. President, relocation is a serious and growing problem in the United States. Federal and federally aided programs are displacing approximately 111,000 families and individuals, 18,000 businesses and nonprofit organizations, and 4,000 farm operators each year. The pace of Federal programs indicates this trend will continue. Federally assisted programs alone—mostly urban renewal and highway programs—displace about 96 percent of the families and individuals, 96 percent of the businesses, and 34 percent of the farms affected by land acquisition.

The uniform relocation bill passed by the Senate in the last Congress was the result of an intensive study conducted by the House Select Subcommittee on Real Property Acquisition of the Public Works Committee and by the Advisory Commission on Intergovernmental Relations in cooperation with the U.S. Conference of Mayors, as well as by our own Subcommittee on Intergovernmental Relations.

These studies revealed serious inconsistencies among Federal and federally assisted programs with respect to the amount and scope of relocation payments and advisory assistance. For instance, a homeowner whose property is taken for a federally aided urban renewal project is entitled to moving costs up to \$200. His neighbor, whose property is taken for a federally aided highway program, is also entitled to \$200 but only if the State has authorized participation in the Federal relocation program. Inconsistency in payments for business moving expenses is even greater. Here, the Federal-Aid Highway Act allows such displacement by a federally aided urban renewal project entitles the businessman up to \$25,000 for moving costs. Finally, urban renewal provides fairly comprehensive advice and counseling to business and individuals; the Federal highway program provides no such service.

Among other findings in the studies to which I referred is the fact that the single greatest problem in relocating families and individuals is the shortage of standard housing for low-income groups. Small businesses—particularly those owned and operated by the elderly, such as "Mom and Pop" grocery stores—are major casualties. They have less capital, find it more difficult to secure outside financing, and need assistance to supplement their energy or spirit to resume business in a new location.

Advisory assistance is of growing importance in the relocation process. The poor, the nonwhite, the elderly, and the small business people all need intensive counseling to prepare them for, and to help them carry out, their move.

With the continued growth of Government property acquisition, there has been more, and more concern that relocation programs be made more uniform, and more equitable. Both Presidents Kennedy and Johnson have expressed concern over the human costs and the lack of uniformity in relocation of both families and businesses.

Title VIII of the bill I am introducing would establish uniform relocation payments, and advisory assistance programs for those displaced by Federal and federally assisted programs. Compliance with these relocation requirements would be a condition in Federal grants to State and local governments. The bill would impose on all federally assisted programs the present urban renewal requirement that no property acquisition project may proceed until there is assurance of available standard housing for those displaced.

It would provide full Federal reimbursement of relocation payments up to a maximum of \$25,000; and above that, Federal sharing according to the project's cost-sharing formula. Urban renewal and public housing now pay up to \$25,000, fully reimbursed by the Federal Government, for business moving expenses. The Federal highway program now allows only up to \$3,000 for businesses reimbursed by the Federal Government on a 90-10 basis for interstate, and 50-50 for primary-secondary highways. Today's measure would thus make Federal reimbursement 100 percent up to \$25,000, and would assure that relocation payments will be made by those States where highway displacees are not now entitled to such payments.

Mr. President, I believe the features of this relocation assistance title of the bill I am introducing today, which were passed unanimously by this body last summer, are of utmost importance to the welfare of those who are adversely affected by Federal and federally assisted programs.

URBAN LAND ACQUISITION POLICY

The final title of this legislation—title IX—provides for the establishment of a uniform policy for the acquisition of real property by Federal Government agencies and by State agencies using Federal funds for public improvement programs.

Mr. President, this title follows the legislative recommendation introduced by Senator Sparkman in the last Congress as S. 1201. His original proposal combined both a relocation assistance program and one dealing with a uniform acquisition policy for real estate in Federal and federally assisted programs. It is the latter of these two proposals by Senator Sparkman that is incorporated in title IX. Hearings were held on this proposal before the Subcommittee on Intergovernmental Relations in late June and early July of 1965. Title IX was drafted to include most of the recommendations made to the subcommittee by the Departments of Defense, Commerce, and Justice, and the Bureau of the Budget.

As I mentioned in my discussion of the need for uniform relocation assistance policy in Federal and federally assisted programs, growing activity in development programs aided by Federal funds will continue to affect large numbers of property owners each year.

Studies, particularly the one conducted by the Select Subcommittee on Real Property Acquisition, reveal that widespread and serious inequities are found in the acquisition of real property in public development programs. The select subcommittee's study revealed that, in many cases, Federal agencies acquired land at less than the agency-approved appraisals. This is true of some acquisitions by States and localities using Federal funds.

In some jurisdictions, it was found that property owners are, in effect, penalized for lowered market values which result from preliminary announcement of a proposed project; in other instances, the public is compelled to pay higher prices for properties whose values are increased by announcements of a proposed project.

Mr. President, title IX of this bill would institute a uniform policy to guide Federal and federally aided land acquisitions. This is a matter of equity which ought to be an overriding consideration in such acquisitions.

I should say that this title, so far, has not yet been formally endorsed by the Senate as have most of the other titles in the bill. But I believe it is of utmost importance in restoring a measure of assurance to property owners faced with

acquisition of their property by the Government. They should be able to expect equitable treatment.

Mr. President, I realize that the bill I am introducing is long and, at first glance, complicated. But as I have said, most of its provisions have already been accepted—unanimously—by this body. Only titles VI and IX are new, and I hope they will be thoroughly studied by all Members.

Mr. President, I ask unanimous consent that the text of the bill be reprinted in the RECORD at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, and held at the desk, as requested by the Senator from Maine.

The bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic Congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, introduced by Mr. MUSKIE (for himself, Mr. BOGGS, Mr. JACKSON, Mr. MUNDT, and Mr. MOSS), was received, read twice by its title, referred to the Committee on Government Operations, and ordered to be printed in the RECORD, as follows:

[S. 698, 90th Cong., second sess.]

AMENDMENTS Intended to be proposed by Mr. MUSKIE to S. 698, a bill to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes

On page 2, line 4, strike out "1967" and insert in lieu thereof "1968".

On page 2, line 19, strike out "title VIII and title IX" and insert in lieu thereof "titles VIII, IX, and X."

On page 59, after line 4, insert the following new title:

"TITLE X—ACCOUNTING, AUDITING, AND REPORTING OF FEDERAL ASSISTANCE FUNDS

"STATEMENT OF PURPOSE

"SEC. 1001. It is the purpose of this title to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, to survey the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions, and to authorize the Comptroller General of the United States to prescribe rules and regulations for using State and political subdivision accounting and auditing in meeting financial management requirements of such programs.

"MORE UNIFORM FINANCIAL REPORTING

"SEC. 1002. Notwithstanding any other provision of law, the President shall have authority to promulgate rules and regulations simplifying and, to the extent feasible, unifying financial reporting requirements of Federal assistance programs.

"ACCEPTANCE OF ACCOUNTING AND AUDITING OF STATES AND THEIR POLITICAL SUBDIVISIONS

"SEC. 1003. (a) The Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget shall conduct a

joint study of the principles, standards, and related requirements of executive agencies, as defined in chapter 1 of title 5, United States Code, for accounting and auditing of Federal assistance programs. Such study shall emphasize ways and means of developing governmentwide accounting and auditing procedures that foster closer cooperation and coordination among the financial management officials of the different levels of the executive agencies, avoid unnecessary duplication, and minimize the amounts of time required to perform the accounting and auditing functions. Such study with recommendations shall be submitted to Congress not later than twelve months after the date of enactment of this Act.

"(b) The Comptroller General shall study and review the accounting and auditing systems of States and political subdivisions receiving Federal assistance in order to determine (1) the adequacy and effectiveness of such systems, and (2) the nature of any changes in the accounting and auditing procedures employed in such systems which would be required for compliance with the principles, standards, and related requirements prescribed by the Comptroller General for protecting the interests of the United States with regard to accounting for expenditures of Federal assistance funds by States and their political subdivisions.

"(c) The Comptroller General, after consulting the Secretary of the Treasury and the Director of the Bureau of the Budget concerning their accounting and auditing needs, and considering statutory requirements and the needs of executive agencies responsible for administering Federal assistance programs, shall prescribe rules and regulations whereby such agencies may substitute for their accounting and auditing the accounting and auditing performed by States and political subdivisions receiving Federal assistance, when such accounting and auditing meet the requirements prescribed by the Comptroller General applicable to the administration of such assistance received by such States and political subdivisions. The Comptroller General shall make a report to Congress on the operations of this subsection at the end of each fiscal year, beginning with the first full fiscal year following the date of enactment of this Act."

[From the Congressional Record, May 8, 1968]

INTERGOVERNMENTAL COOPERATION ACT OF 1967—AMENDMENTS (MAY 8, 1968)

AMENDMENT NO. 748

Mr. MUSKIE. Mr. President, I submit, for appropriate reference, amendments which I intend to propose to S. 698, the intergovernmental cooperation bill, now pending in the Subcommittee on Intergovernmental Relations, Committee on Government Operations.

The amendments I will offer are intended to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs.

Every Federal agency administering Federal assistance programs to State and local governments is charged by the Congress and by the regulations of the Comptroller General with assuring proper legal use of Federal funds made available to State and local governments through such programs. As a result each administering agency and each major bureau engaged in grant-in-aid administration deploys a number of fiscal auditors throughout the States at various times to audit grant-in-aid accounts. The General Accounting Office has its own field operations with its "spot audit" program, which is geared to ascertaining the effectiveness of agency audits of Federal expenditures and which also involves audits of grant expenditures at the State and local levels.

Yet, Federal agency auditing and accounting activities have had to keep pace with the growth in the number and variety of Federal assistance programs. Moreover, State governments in recent years and many local governments have made strenuous efforts to improve the capability of their own accounting and auditing systems—thanks to the rapid growth of State and local programs and expenditures.

Federal assistance programs differ in objectives, magnitude, governments, and governmental agencies involved, and the clientele served and in many other characteristics. Such programs then can hardly be expected to yield completely to uniform accounting and auditing requirements. Nevertheless, there remains the question as to whether the existing financial reporting, accounting, and

auditing requirements are reasonable in their demands. Most State and local officials feel they are not. Some Federal aid administrators feel they are not. The recent experience of the Department of Health, Education, and Welfare and the Office of Economic Opportunity in placing reliance on State and local auditing, accounting, and reporting systems suggests that a rigid adherence to the status quo is not the best way to improve intergovernmental relations in this area. To help correct this condition, the Advisory Commission on Intergovernmental Relations in its fiscal balance report adopted a three-pronged recommendation urging enactment of general legislation by the Congress applicable to Federal grants-in-aid to States whereby: first, the Comptroller General would study and review the accounting and auditing systems of the States receiving Federal grants-in-aid and ascertain their general adequacy and integrity; second, for those States certified by the Comptroller General as meeting standards of adequacy and integrity, the results of State audits of expenditures of Federal grant funds would be accepted by the administering Federal agencies in lieu of their own fiscal audits with such acceptance to cease if the Comptroller General finds that the accounting and auditing system of a particular State no longer meets prescribed standards; and, third, this authorization would be extended at the discretion of the Comptroller General to units of local government receiving sizable grant-in-aid funds from Federal agencies.

The amendments I intend to propose are based on this recommendation. First, they would assign authority to the President to promulgate rules and regulations on a Government-wide basis for simplifying and, to the extent practicable, unifying the financial reporting requirements in Federal grant-in-aid programs. At the present time—thanks to diverse enabling legislation, appropriation acts, departmental regulations and various other factors—the procedures, format, frequency, and intensity of financial reporting requirements differ greatly from department to department and frequently from program to program within a department. The amendments are designed to provide the President with sufficient authority to achieve greater consistency, simplicity, and order in an area of grant-in-aid administration that thus far largely has also been ignored.

The amendments also provide the basis for acceptance of the accounting and auditing system in certain States and certain political subdivisions in lieu of Federal efforts in these fields. The Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget are mandated to conduct a joint study of the principles, standards, and related requirements of executive agencies as they relate to the accounting and auditing of Federal grants-in-aid with a view to identify ways and means of developing Government-wide accounting and auditing procedures that foster greater interdepartmental coordination among financial management officials in the various Federal agencies administering grant programs. These provisions are designed then to reduce unnecessary duplication and excessive time required to perform these vital fiscal functions.

The Comptroller General is authorized to study and review the accounting and auditing systems of the States and their political subdivisions in order to determine the adequacy and effectiveness of their respective systems and what changes, if any, would be required in them to comply with the principles, standards, and related requirements prescribed by him in the area of grant-in-aid financial accountability. After consulting with the Secretary of the Treasury and the Director of the Bureau of the Budget and after assessing the statutory requirements and the administrative needs of executive agencies administering grants-in-aid, the Comptroller General is authorized to prescribe rules and regulations that would permit such agencies to substitute the accounting and auditing systems of States and local governments when their systems meet standards prescribed by him as they relate to the administration of Federal assistance programs.

The intent of these amendments is not to shortcut in any way the exercise of fiscal prudence and accountability at all levels of government. But they seek to develop new intergovernmental arrangements in the accounting and auditing field which would lead to a significant saving in time and energy and would provide the impetus for significant improvements in the whole area of intergovernmental fiscal management.

[S. 735, 90th Cong., first sess.]

A BILL To provide for periodic review of Federal programs of grant-in-aid assistance to the States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Grant-in-Aid Review Act of 1967".

STATEMENT OF PURPOSE

SEC. 2. (a) It is the purpose and intent of this Act to establish a uniform policy and procedure whereby programs, which may be enacted hereafter by the Congress, for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grant-in-aid programs as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant-in-aid programs are revised and redirected as necessary to meet the new conditions arising subsequent to their original enactment; and (3) grant-in-aid programs are terminated when they have substantially achieved their purpose.

(b) It is further the purpose and intent of this Act to provide for a continuing review by Congress of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions with a view to developing legislation terminating those grant-in-aid programs whose purposes clearly have been achieved and revising or redirecting all other existing grant-in-aid programs to improve and enhance their effectiveness as instruments of Federal-State-local cooperation or to meet new conditions arising subsequent to their original enactment.

EXPIRATION OF GRANT-IN-AID PROGRAMS

SEC. 3. Whenever any Act of Congress enacted in the Ninetieth or any subsequent Congress authorizes any program for grant-in-aid assistance to two or more States or to political subdivisions of two or more States and there is no termination date otherwise specified for such authority, the authority to make any grant-in-aid under such Act to any State, political subdivision, or other beneficiary from funds not theretofore obligated shall, unless the provisions of this section are specifically excepted from application to such program, expire not later than June 30 of the fifth calendar year which begins after the calendar year in which the effective date of such Act occurs.

COMMITTEE STUDIES OF GRANT-IN-AID

SEC. 4. (a) Whenever any Act of Congress enacted in the Ninetieth or any subsequent Congress authorizes the establishment of any program for grant-in-aid assistance over a period of three or more years to two or more States or to political subdivisions of two or more States, each standing committee of the Senate and House of Representatives which exercises legislative jurisdiction and oversight with respect to such program shall, during the period beginning not later than twelve months immediately preceding the date on which the authority by such program is to expire, separately or jointly, conduct studies and appraisals of such program. Each such committee shall report the results of its study and appraisal to its respective House, together with recommendations for such legislation as it deems appropriate, not later than one hundred and twenty days before the authority for such program is due to expire.

(b) (1) In the case of any existing statute authorizing the establishment of any program for grant-in-aid assistance over a period of three or more years to two or more States or to political subdivisions of two or more States, each standing committee of the Senate and House of Representatives which exercises legislative jurisdiction and oversight over such program shall review and study, on a continuing basis, the application, operation, administration, and execution of such program.

(2) To assist it in carrying out this review and study function, each standing committee of the Senate and House of Representatives is entitled to employ a review specialist as a member of the professional staff of such committee in addition to the number of members of such professional staff to which such committee otherwise is entitled. Such review specialist shall be selected and appointed by the chairman of such committee, with the prior approval of the ranking minority member, in a permanent basis, without regard to political

affiliation, and solely on the basis of fitness to perform the duties of the position.

(3) Each standing committee of the Senate and House of Representatives shall submit, not later than March 31 of each year, to the Senate and House of Representatives, respectively, a report on its activities under this subsection during the immediately preceding calendar year.

(c) The studies referred to in subsections (a) and (b) with respect to any program of grant-in-aid assistance shall be conducted by each standing committee of the Senate and House of Representatives involved with a view to ascertaining, among other matters of concern, the following:

(1) The extent to which the purposes for which such grants-in-aid are authorized have been met;

(2) The extent to which the purposes for which such program can be carried on without additional financial assistance from the United States;

(3) The extent to which such program is adequate to meet any growing and changing needs related to the purposes for which it was originally designed; and

(4) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto, should be made.

DEFINITIONS

SEC. 4. As used in this Act—

(a) The term "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include any political subdivision of a State;

(b) The term "political subdivision of a State" means any local unit of government of a State, including, but not limited to, a county, parish, municipality, city, town, township, village, or school or other special district created by or pursuant to State law; and

(c) The term "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(1) to a State; or

(2) to a political subdivision of a State; or

(3) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency

if such authorization (A) requires such State or political subdivision to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (B) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to such State or political subdivision, or the amounts to be allotted for use in such State by such State or political subdivision; but such term does not include (i) shared revenues, (ii) payments of taxes (iii) payments in lieu of taxes, (iv) loans or repayable advances, (v) surplus property or surplus agricultural commodities furnished as such, (vi) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private, or (vii) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

[S. 458, 90th Cong., first sess.]

A BILL To provide for periodic congressional review of Federal grants-in-aid to States and to local units of government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

STATEMENT OF PURPOSE

SECTION 1. It is the purpose and intent of this Act to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grants-in-aid as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment; and (3) grant

programs are terminated when they have substantially achieved their purpose. It is further the purpose and intent of this Act to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in the operation thereof.

EXPIRATION OF GRANT-IN-AID PROGRAMS

SEC. 2. Where any Act of Congress enacted in the Eighty-ninth or any subsequent Congress authorizes the making of grants-in-aid to two or more States or to political subdivisions of two or more States and no expiration date for such authority is specified by law, then the authority to make grants-in aid by reason of such Act to States, political subdivisions, and other beneficiaries from funds not theretofore obligated shall expire not later than June 30 of the fifth calendar year which begins after the effective date of such Act.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

SEC. 3. Where any Act of Congress enacted in the Eighty-ninth or any subsequent Congress authorizes the making of grants-in-aid over a period of three or more years to two or more States or to political subdivisions of two or more States, then during the period of not less than twelve months or more than twenty-four months immediately preceding the date on which such authority is to expire the committees of the House and of the Senate to which legislation extending such authority would be referred shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made with a view to ascertaining, among other matters of concern to the committees, the following:

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met.

(2) The extent to which such programs can be carried on without further financial assistance from the United States.

(3) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto to conform to recommendations by the Comptroller General under section 4, should be made.

(4) Whether or not any changes in purpose, direction, or administration of the original program should be made in the light of reports and recommendations submitted on request by the Advisory Commission on Intergovernmental Relations.

Each such committee shall report the results of its investigation and study to its respective House not later than one hundred and twenty days before such authority is due to expire.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 4. The Comptroller General shall make continuing studies of presently existing and all future programs for grant-in-aid assistance from the Federal Government to the States or their political subdivisions concerning the extent to which program conflict and duplication can be eliminated and more effective, efficient, economical, and uniform administration of such programs could be achieved by changing certain requirements and procedures applicable thereto.

In reviewing such programs the Comptroller General shall consider, among other relevant matters, the equalization formulas, and the budgetary, accounting, reporting, and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 5. Upon request of any committee referred to in section 3, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380)

shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 6. (a) Each recipient of assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant shall prescribe, including records which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The head of the Federal agency administering such grant and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the grant received.

DEFINITIONS

SEC. 7. For the purposes of this Act—

(1) The term "State" means the government of a State, or any agency or instrumentality of a State.

(2) The term "political subdivision" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

(3) The term "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State or political subdivision of a State; or

(B) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions expend non-Federal funds as a condition for the receipt of money or property from the United States, or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the State, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues, (2) payments of taxes, (3) payments in lieu of taxes, (4) loans or repayable advances, (5) surplus property or surplus agricultural commodities furnished as such, (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private, or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

[S. 2981, 90th Cong., second sess.]

A BILL To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Joint Funding Simplification Act of 1968".

PURPOSE

SEC. 2. The purpose of this Act is to enable States, local governments, and other public or private organizations and agencies to use Federal assistance more

effectively and efficiently, to adapt that assistance more readily to their particular needs through the wider use of projects drawing upon resources available from more than one Federal agency, program, or appropriation and to acquire experience which would lead to the development of legislative proposals respecting the consolidation, simplification, and coordination of Federal assistance programs. It is the further purpose of this Act to encourage Federal-State arrangements under which local governments and other public or private organizations and agencies may more effectively and efficiently combine State and Federal resources in support of projects of common interest to the governments, agencies, and organizations concerned.

BASIC RESPONSIBILITIES OF THE HEADS OF FEDERAL AGENCIES

SEC. 3. (a) In order to carry out the purposes of this Act and subject to such regulations as the President may prescribe, the heads of Federal agencies may take actions, by internal agency order or interagency agreement, including but not limited to:

(1) identification of related programs likely to be particularly suitable or appropriate for providing joint support for specific kinds of projects;

(2) development and promulgation of guidelines model or illustrative projects, joint or common application forms, and other materials or guidance to assist in the planning and development of projects drawing support from different programs;

(3) review of administratively established program requirements in order to determine which of those requirements may impede joint support of projects and the extent to which these may be appropriately modified, and making modifications accordingly;

(4) establishment of common technical or administrative rules among related programs to assist in the joint use of funds in the support of specific projects or classes of projects; and

(5) creation of joint or common application processing and project supervision procedures or mechanisms including procedures for designating lead agencies to assume responsibilities for processing on behalf of several agencies and for designation of managing agencies to assume responsibilities for project supervision on behalf of several agencies.

(b) The head of each Federal agency shall be responsible for taking actions, to the maximum extent feasible under applicable law, which will further the purposes of this Act with respect to Federal assistance programs administered by his agency. Each Federal agency head shall also consult and cooperate with the heads of other Federal agencies in order similarly to promote the purposes of this Act with respect to Federal assistance programs of different agencies which may be used together or jointly in support of projects undertaken by State or local governments or other public or private agencies and organizations.

APPLICATION PROCESSING

SEC. 4. Actions taken by Federal agencies pursuant to this Act which relate to the processing of applications or requests for assistance under two or more Federal programs in support of any project shall be designed to assure, so far as reasonably possible (1) that all required reviews and approvals are handled expeditiously; (2) that full account is taken of any special considerations of timing that are made known by the applicant that would affect the feasibility of a jointly funded project; (3) that the applicant is required to deal with a minimum number of Federal representatives, acting separately or as a common board or panel; (4) that the applicant is promptly informed of decisions with respect to his application and of any special problems or impediments which may affect the feasibility of Federal provision of assistance on a joint basis; and (5) that the applicant is not required by representatives of any one Federal agency or program to obtain information or assurances concerning the requirements or actions of another Federal agency which could better and more appropriately be secured through direct communication among the Federal agencies involved.

SPECIAL AUTHORITIES—BASIC CONDITIONS

SEC. 5. Where appropriate to further the purposes of this Act, and subject to the conditions prescribed in this section, heads of Federal agencies may use the authorities described in sections 6, 7, and 8 (relating to the establishment

of uniform technical or administrative requirements, delegation of powers and responsibilities, and establishment of joint management funds) with respect to projects assisted under more than one Federal assistance program. These authorities shall be exercised only pursuant to regulations prescribed by the President. Those regulations shall include criteria or procedures to assure the authorities are limited in use to problems that cannot be adequately dealt with through other actions pursuant to this Act or other applicable law; that they are applied only as necessary to promote expeditious processing or effective and efficient administration; and that they are applied consistent with the protection of the Federal interest and with program purposes or statutory requirements of a substantive nature.

ESTABLISHMENT OF UNIFORM TECHNICAL OR ADMINISTRATIVE REQUIREMENTS

SEC. 6. (a) In order to provide for projects which would otherwise be subject to varying or conflicting technical or administrative provisions of law, the heads of Federal agencies may adopt uniform provisions respecting:

(1) inconsistent or conflicting requirements relating to financial administration, including accounting, reporting and auditing, and maintaining separate bank accounts, but only to the extent consistent with the requirements of section 8;

(2) inconsistent or conflicting requirements relating to the timing of Federal payments where a single or combined schedule is to be established for the project as a whole;

(3) inconsistent or conflicting requirements that assistance be extended in the form of a grant rather than a contract, or a contract rather than a grant;

(4) inconsistent or conflicting requirements for merit personnel systems, but only to the extent that the combination of assistance contemplated would cause those requirements to be applied to portions of projects administered by agencies not otherwise subject to such requirements;

(5) inconsistent or conflicting requirements relating to accountability for, or the disposition of, property or structures acquired or constructed with Federal assistance where common rules are to be established for the project as a whole; and

(6) other inconsistent or conflicting requirements of an administrative or technical nature, as defined in regulations of the President and subject to such conditions as he may prescribe.

(b) In order to permit processing of applications in accordance with the purposes of this Act, Federal agency heads may provide for review of proposals for projects by a single panel, board or committee in lieu of review by separate panels, boards, or committees when such review would otherwise be required by law.

(c) In promoting the more effective and efficient use of Federal assistance resources, Federal agency heads may waive requirements that a single or specified public agency be utilized or designated to receive, supervise, or otherwise administer a part of the Federal assistance drawn upon by any jointly funded project to the extent that administration by another public agency is determined to be fully consistent with applicable State or local law and with the objectives of the Federal assistance program involved. This authority may be exercised only upon (1) request of the head of a unit of general government, with respect to agencies which he certifies to be under his jurisdiction, or (2) with the agreement of the several State or local public agencies concerned.

DELEGATION OF POWERS

SEC. 7. With the approval of the President, agency heads may delegate to other Federal agencies any powers relating to the approval, under this Act, of projects or classes of projects under a program if such delegation will promote the purposes of that program. Agency heads may also delegate to other Federal agencies powers and functions relating to the supervision of administration of Federal assistance, or otherwise arrange for other agencies to perform such activities, with respect to projects or classes of projects subject to this Act. Delegations under this section shall be made only on such conditions as may be appropriate to assure that the powers and functions delegated are exercised in full conformity with applicable statutory provisions and policies.

FUNDING ARRANGEMENTS AND PROCEDURES

SEC. 8. (a) In order to provide for the more effective administration of funds drawn from more than one Federal program or appropriation in support of projects under this Act, there may be established joint management funds with respect to such projects. The total amount approved for such a project may be accounted for through a joint management fund as if the funds had been derived from a single Federal assistance program or appropriation. There will be advanced to the joint management fund from each affected appropriation, from time to time, its proportionate share of amounts needed for payment to the grantee. Any amounts remaining in the hands of the grantee at the completion of the project shall be returned to the joint management fund.

(b) Any account in a joint management fund shall be subject to such agreements, not inconsistent with this section and other applicable law, as may be entered into by the Federal agencies concerned with respect to the discharge of the responsibilities of those agencies and shall assure the availability of necessary information to those agencies and to the Congress. These agreements shall also provide that the agency administering a joint management fund shall be responsible and accountable for the total amount provided for the purposes of each account established in the fund; and may include procedures for determining, from time to time, whether amounts in the account are in excess of the amounts required, for returning that excess to the participating Federal agencies in accordance with a formula mutually acceptable as providing an equitable distribution, and for effecting returns accordingly to the applicable appropriations, subject to fiscal year limitations. Excess amounts applicable to expired appropriations will be lapsed from that fund.

(c) For each project financed through a joint management fund established pursuant to this section, the recipients of moneys drawn from the fund shall keep such records as the head of the Federal agency responsible for administering the fund will prescribe. Such records shall, as a minimum, fully disclose the amount and disposition by such recipient of Federal assistance received, the total cost of the project in connection with which such Federal assistance was given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

(d) The head of the Federal agency responsible for administering such joint management fund and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients that are pertinent to the moneys received from such fund.

(e) In the case of any project covered in a joint management fund, a single non-Federal share may be established according to the Federal share ratios applicable to the several Federal assistance programs involved and the proportion of funds transferred to the project account from each of those programs.

AUXILIARY PROVISIONS

SEC. 9. (a) Appropriations available to any Federal assistance program for technical assistance or the training of personnel may be made available for the provision of technical assistance and training in connection with projects proposed or approved for joint or common funding involving that program and any other Federal assistance program.

(b) Personnel of any Federal agency may be detailed from time to time to other agencies as necessary or appropriate to facilitate the processing of applications under this Act or the administration of approved projects.

FEDERAL-STATE ASSISTANCE AND AGREEMENTS

SEC. 10. Subject to such regulations as the President may prescribe, Federal agencies may enter into agreements with States or State agencies as appropriate to extend the benefits of this Act to projects involving assistance from one or more Federal agencies and one or more State agencies. These agreements may include arrangements for the processing of requests for, or the administration of, assistance to such projects on a joint basis. They may also include provisions covering the establishment of uniform technical or administrative requirements, as authorized by this Act.

AUTHORITY OF THE PRESIDENT

SEC. 11. In addition to powers and authority otherwise conferred upon him by this Act or other law, the President may take such action, prescribe such procedures, and promulgate such rules as may be necessary or appropriate to assure that this Act is applied by all Federal agencies in a consistent manner and in accordance with its purposes. He may, for this purpose, require that Federal agencies adopt or prescribe procedures that will assure that applicants for assistance to projects under this Act make appropriate efforts (1) to secure the views and recommendations of non-Federal agencies that may be significantly affected by such projects, including units of general government, and (2) to resolve questions of common interest to those agencies prior to submission of any application. The President shall also, from time to time, make reports to the Congress on actions taken under this Act and make such recommendations for additional legislative action as he may deem appropriate, including recommendations for the consolidation, simplification, and coordination of Federal assistance programs.

DEFINITIONS

SEC. 12. As used in this Act—

(1) "Federal assistance programs" are programs that provide assistance through grant or contractual arrangements, and include technical assistance programs or programs providing assistance in the form of loans, loan guarantees or insurance.

(2) "Applicant" includes one or more State or local governments or other public or private agencies or organizations acting separately or together in seeking assistance with respect to a single project.

(3) "Project" includes any undertaking, however characterized and whether of a temporary or continuing nature, which includes components proposed or approved for assistance under more than one Federal program, or one or more Federal and one or more State programs, if each of those components contributes materially to the accomplishment of a single purpose or closely related purposes.

(4) "Federal agency" includes any agency in the executive branch of the Government.

(5) "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and American Samoa.

EFFECTIVE DATE AND EXPIRATION

SEC. 13. This Act shall become effective one hundred and twenty days following the date of enactment and shall expire three years after it becomes effective, but its expiration shall not affect the administration of projects previously approved.

S. 2981—INTRODUCTION OF BILL TO EXPEDITE PROCEDURES FOR CERTAIN FEDERAL ASSISTANCE PROGRAMS (FEBRUARY 16, 1968)

Mr. McCLELLAN. Mr. President, I introduce, by request, a bill to provide temporary authority for expediting procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes.

This bill was drafted by the Bureau of the Budget and submitted to the President of the Senate for introduction, in order that the objectives enumerated in the President's message of March 17, 1967, on the quality of American Government may be fulfilled. The President of the United States recommended that legislation be enacted to permit "Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures—without disturbing, however, the separate authorization, appropriations, and substantive requirements for each grant-in-aid program."

The purpose of the proposed legislation is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation. This bill would enable the State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support of multiple-purpose projects. Under this bill—

Federal agency heads would be authorized to establish uniform requirements of certain provisions of law so that jointly funded projects would not have to be subject to conflicting rules and regulations;

In appropriate cases, Federal agencies would have authority to delegate to other agencies power to approve portions of projects in their behalf;

Federal agency heads could establish joint management funds in their agencies to finance multiple-purpose projects drawing upon appropriations from several different accounts;

The President would prescribe appropriate regulations for, and approve agency delegations of power and functions under this act. He would make reports to the Congress on action taken, and make recommendations for additional legislative action, including proposals for consolidation, simplification or coordination of grant programs.

The Joint Funding Simplification Act of 1948, would not, except as specifically provided, affect substantive provisions of law relating to Federal assistance programs but would provide a legal basis for consolidating some of the financial procedures under centralized direction and control.

S. 2981, JOINT FUNDING SIMPLIFICATION ACT OF 1968 EXPLANATORY STATEMENT

In his March 17, 1967, message on the Quality of American Government, the President instructed the Director of the Bureau of the Budget to develop a legislative proposal that would provide for the simplification of Federal grant-in-aid programs. This statement constitutes a brief summary of the problem and an outline of the proposal that has been developed in response to the President's directive.

PROBLEM

A number of Federal assistance programs which finance different activities could be brought together in a single project to support similar or directly related purposes. Such combinations of related programs would encourage a comprehensive approach to certain problems and enable State and local governments and other grantees to use Federal assistance more effectively and efficiently. (Attached are several examples of projects which are being, or might be, jointly financed.)

However, existing laws and regulations often make these combinations somewhat difficult to "package" and administer. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, etc. Further, the grantees often must work with several Federal agencies (or constituent elements of a single agency)—each with its own distinct administrative practices. (Attached is an example of a jointly funded multipurpose neighborhood center which illustrates some of the complexities involved.)

The purpose of this proposal is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation.

PROPOSAL

The Joint Funding Simplification Act of 1968 would achieve this objective by (1) authorizing the removal or modification of certain statutory requirements; (2) authorizing agency heads to delegate the approval and administration of Federal assistance programs to other agencies; (3) providing for a special fund in each agency to finance joint projects; (4) describing the actions which Federal agency heads should take to further joint projects; and (5) authorizing the President to establish standards and procedures to implement the Act. (Except as specifically provided, the Act would not change *substantive* provisions of law relating to Federal assistance programs such as eligibility criteria, maintenance of effort, matching ratios, authorization levels, program availability, etc. Such questions will be the focus of a later study.)

WAIVER

Federal agency heads would be authorized to waive or modify certain technical and administrative statutory provisions with respect to joint projects, e.g., re-

quirements relating to reporting and auditing, merit personnel systems (under certain conditions), the timing of Federal payments, etc. Agency heads could also waive the requirement that a single public agency be designated or utilized to administer a specific program when that program was part of a joint project but only with the agreement of the public agencies concerned. Such waivers would have to be consistent with applicable State or local law and with the objectives of the program involved.

DELEGATION

With the approval of the President, Federal agency heads would be authorized to delegate to other agencies powers or functions relating to the approval of programs of their agencies which were component parts of a joint project if such delegation was necessary to accomplish the purposes of the Act. Such delegations would have to be exercised in full conformity with applicable statutory provisions. Authority to supervise the administration of projects could also be delegated.

FUNDING

Federal agency heads would be authorized to establish joint management funds to finance joint projects.

AGENCY ACTIONS

The head of each Federal agency would be responsible for taking actions to facilitate joint funding and to expedite the processing of applications for joint projects. Such actions might include development of common application forms, establishment of common administrative rules, designation of "project managers" in one agency to supervise joint projects, etc. (The possible administrative procedures are developed in more detail below.)

PRESIDENTIAL AUTHORITY

The President would be authorized to (a) approve the agency delegation of powers and functions noted above; (b) prescribe regulations, procedures and rules to assure that Federal agencies apply the provisions of this Act in a uniform manner; and (c) require that Federal agencies adopt procedures which assure that applicants for joint projects under this Act make reasonable efforts to secure the views and recommendations of agencies that may be significantly affected by the project, including units of general local government to the fullest extent appropriate.

In summary, this proposal would enable Federal agencies and grantees more readily to "package" and administer a project whose constituent elements were funded under different assistance programs and to operate it as a single, integrated project with common requirements, funding and procedures.

PROPOSED ADMINISTRATIVE OPERATION

1. *President.*—As noted above, the proposed legislation would grant the President broad authority to make rules and regulations for its implementation. Those rules and regulations might deal, for example, with the format and content of application forms for joint funding, the processing of such forms, procedures for determining lead-agency or project-manager assignments, conditions under which various waivers of statutory provisions would occur, and the manner in which joint funds will be obligated and accounted for. There would probably also have to be a Presidential effort to bring agency rules, regulations and procedures into line with the needs of the joint funding process.

The President would establish methods and procedures by which the representatives of the major grant-in-aid agencies and the Bureau of the Budget would assist him in carrying out his regulatory functions. The agencies would be expected to work cooperatively to harmonize their regulations, develop procedures for disseminating information about the joint funding approach and consider problems that develop in implementation of the concept.

2. *Agencies.*—Each agency will have to develop certain new rules and regulations, or modify its existing rules and regulations as necessary to facilitate the joint funding concept. Its regulations will also have to be in harmony with those issued by the President.

As experience is gained and if patterns of applications for certain types of joint funding emerge, it is expected that agencies will enter into agreements involving specific joint application forms, the processing of those forms, lead-agency or

project-manager assignments and possible delegations of approval authority and allocations of funds. If possible, typical grant packages will be identified, and certain highly desirable ones may be given priority treatment.

3. *Grant recipients.*—Under the proposal, grantees will fall into two broad categories: (a) any eligible grantee will be able to apply for joint funding of any or all grants for which he is otherwise eligible; and (b) the head of a unit of general government (e.g., a governor, mayor, or county chief executive) will be able to apply for joint funding of any or all grants for which the agencies and the unit of general government under his jurisdiction are eligible.

The grantee would be faced with several possibilities once he determines what sort of a joint funding proposal he wishes to make: (a) in the simplest situation, in which his proposal involves only grants from one Federal agency for which he is directly eligible, the grantee would simply apply to, and deal with that agency; (b) if his proposal involves grants from more than one Federal agency but only grants for which he is directly eligible, the grantee would probably apply initially to one of those agencies pursuant to instructions and regulations as to which agency had the lead role in processing the particular type of proposal; and (c) if his proposal involves grants from Federal agencies for which he is both directly and indirectly eligible (e.g., if a mayor's proposal involves both direct grants to his city and grants which are made to the State and then passed on by the State), the grantee would have to apply not only to the Federal lead agency but to the State or other jurisdiction involved. In any case (except as expressly provided otherwise in the bill) the proposal would have to meet the substantive requirements of each one of the grants involved in the package. That is, the planning, eligibility, and matching requirements of each one of the component grants in the package would have to be observed. In addition, the proposal would have to provide for separate accounting for construction and nonconstruction components. However, it could involve the waiver of certain technical and administrative provisions as described in the bill.

Under the draft bill it is also contemplated that a combined application by two or more eligible grantees could be made. Thus, a State having a direct federally-funded community project might combine with a community also applying separately for a Federal grant in a related area for a multigrant project to be jointly funded by the Federal Government. Similarly, a county and a city might submit a combined project application for joint funding.

At the Federal level, several alternatives for handling applications for joint funding are possible. First, the agency receiving the application may simply send copies to the other agencies involved or to the various program units within its own jurisdiction for processing, approval and granting of necessary waivers with an effort to coordinate approval of the overall proposal. Second, pursuant to interagency agreements, the agency might establish a project manager for certain types of proposals who would play an active role in coordinating the processing of the proposal. Third, again pursuant to interagency agreements, the agency might have allocated to it certain funds from other agencies and be delegated the authority to obligate those funds for use in certain joint funding proposals.

[Attachment]

EXAMPLES OF APPLICATION OF THE GRANT SIMPLIFICATION PROPOSAL TO HYPOTHETICAL PROJECTS

A STATE RECREATION PROJECT

The State desires to acquire and develop a historical site and the immediately surrounding property for a recreation project in a metropolitan area. It has decided to apply for the following Federal grants-in-aid which could be elements of the project:

1. A grant for acquisition and rehabilitation of a historically significant building, under the Historic Properties Preservation Act of 1966 (P.L. 89-665). The Federal share may be up to 50%, providing the project is included in an approved State plan for historic preservation, and is coordinated with the State outdoor recreation plan. The grant application is made to the National Park Service of the Department of the Interior. The project grant is approved within an annual allotment made to the State by the Secretary of Interior.

2. A grant for acquisition of surrounding property for park purposes, under the Land and Water Conservation Fund Act (P.L. 88-578). The Federal share may be up to 50%, providing the project is included in the approved State plan

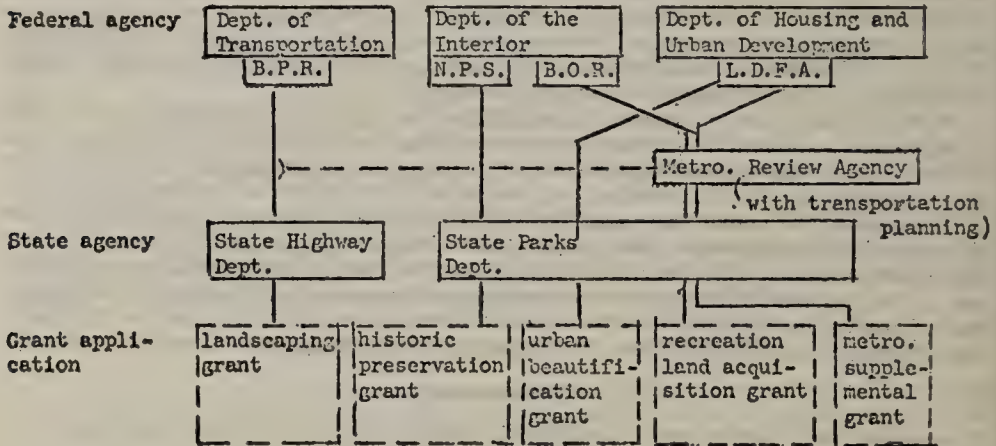
for outdoor recreation. The grant application must be reviewed and commented upon by a metropolitan review agency, pursuant to Title II of the Demonstration Cities Act. The grant application is made to the Bureau of Outdoor Recreation of the Department of the Interior. The project grant is made within an annual allotment made to the State by the Secretary of Interior.

3. A metropolitan development supplemental grant to increase the Federal share of the park land acquisition element by 20% under Title II of the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754). This will increase the Federal share in item (2) to 70%. The supplemental grant may be obtained from the Land and Development Facilities Administration of the Department of Housing and Urban Development, provided that the initial park land acquisition proposal is found to contribute significantly to the planned development of the metropolitan area by the metropolitan review agency and HUD. The supplemental grant is a project grant.

4. A grant for urban beautification of the grounds of the project under the Housing and Urban Development Act of 1965 (P.L. 89-117). The Federal share may be up to 50% of the costs of beautification. The grant application must be submitted for review and comment to the designated metropolitan review agency. The application is made to the Land and Development Facilities Administration of the Department of Housing and Urban Development. It is a project grant, executed as a contract between the grantee and HUD.

5. A grant for landscaping the Federal-aid highway right-of-way adjacent to the overall project. It is a project grant financed from the three percent of Federal-aid highway funds allotted to the State annually which is available for landscaping purposes. The grant application is made to the Bureau of Public Roads of the Department of Transportation. The Federal share is 100%. A continuing cooperative comprehensive transportation planning process is required in any metropolitan area in which Federal-aid highway funds are expended.

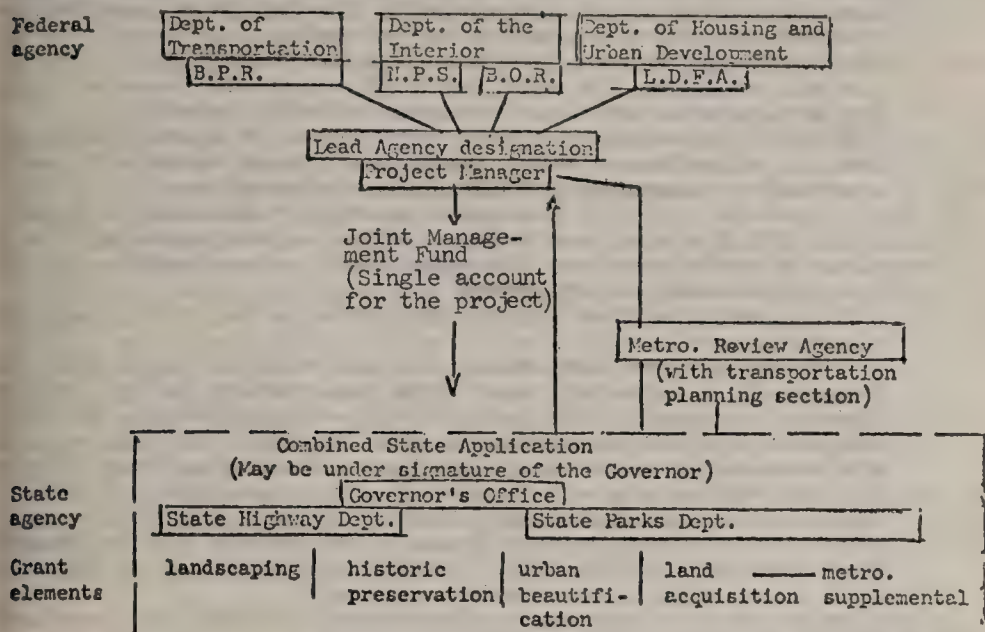
Under the current legislative and administrative regulations, the applications process for the recreation project would look like this:



The hypothetical recreation project application process has—

1. Four bureaus in three Federal agencies administering five grant programs.
2. Five separate grant appropriations, obligations, and five separate accounting requirements.
3. Five separate applications (two straight project grants, and three grants which are approved within annual State allotments by the relevant Federal agency).
4. Two State agencies as separate grantees.

Under the proposed grant simplification mechanism, which encourages the combination of separate grants into an application for joint funding by the several Federal grantor agencies, the application process would look like this:



The hypothetical project, under the grant simplification proposal has—

1. A single Federal lead agency and project manager coordinating all the Federal agencies approvals.
2. A single project account from which the grantee may draw funds.
3. A single combined application.
4. Two State agencies as grantees coordinated under the Governor.

CONCENTRATED (SLUM) EMPLOYMENT PROGRAM

I. Statement of Purpose.—To provide useful job training, experience, and employment in urban ghettos.

II. Brief History.—The Concentrated (slum) Employment Program will be launched in 1967 in 19 cities. Funds from the Office of Economic Opportunity's Nelson, Scheuer, and other "Special Impact" programs will be used as the nucleus of the program, with other programs added as appropriate and feasible. Under current proposals these three programs would be replaced by a single Concentrated Employment Program (CEP) in 1968, when it will be extended to a total coverage to 30-45 cities by 1968.

III. Outline of Grant Programs To Be Utilized.—Since the Concentrated Employment Program is a new venture, the exact composition of grants to be employed is not known in advance. However, the grants listed below are likely candidates for being grouped together. A brief description of their operation is included in each case.

A. Concentrated employment program (Office of Economic Opportunity; delegated to Department of Labor).—This will be the so-called "glue money" for bringing together the various constituent elements of the program. The program operates through *project grants* largely to local *community action agencies*.

B. Neighborhood Youth Corps (Office of Economic Opportunity; delegated to Department of Labor).—This program provides work and training for out-of-school youths in the 16-21 age bracket. It operates through *project grants* largely to local *community action agencies*.

C. Community Action (Office of Economic Opportunity).—*Project grants* will be available to local *community action agencies* to pursue this, and other community action, projects.

D. Manpower Development and Training (Department of Labor).

1. *Institutional training* is provided through a bewildering maze which starts with the Bureau of Employment Security and follows two separate paths to actual implementation. The U.S. Employment Service identifies the need and people to receive training, and pays living allowances to the trainees. The Labor Department makes use of the Department of Health, Education, and Welfare to handle the actual training, in cooperation with State vocational education agencies.

2. *On-the-job training* is handled by the Bureau of Apprenticeship and Training either through direct negotiation with employers, or by using a national or community organization as an intermediary.

E. Work experience (Office of Economic Opportunity; delegated to Department of Health, Education, and Welfare).—This program is designed to help recipients of public assistance and other needy persons acquire the job skills needed to become self-supporting.

1. Currently, the State welfare agency arranges for training, pays the allowances, etc.

2. Under new procedures which will take effect on July 1, 1967, the Department of Labor will take on the responsibility for the training aspects of the program. The new path will be a circuitous one. The OEO delegation to HEW will continue in effect. However, while the payment of allowances will remain in the hands of the Federal and State welfare agencies, the training will be shifted to the Department of Labor—which will, in turn, make use of HEW's vocational education complex to provide the actual training. Hence, on the training side, the flow of funds goes from OEO to HEW (Welfare Administration) to Labor to HEW again (OE) to actual implementation.

F. Community work and training (Department of Health, Education, and Welfare).—The purposes and process are much the same as in "E" above, except that the funds are appropriated directly to HEW.

IV. Administrative and Technical Problems.—Many of the administrative and technical obstacles to joint funding which would be anticipated in the tangled skein above are partially overcome by two factors: (1) as in most grant programs, the obstacles are not statutory in nature, but are lodged in administrative regulations; and (2) the extensive pattern of delegation puts the actual administration of many of the programs in the hands of one agency.

FUNDING AN URBAN COMPREHENSIVE HEALTH CENTER

The purpose of this example is to delineate the variety of Federal funding sources potentially available to a community organization desiring to establish a comprehensive health center which will provide a comprehensive program of diagnostic and treatment services for the poor in an urban community. While a substantial number of grant programs are potentially available to construct, staff, and operate a health center, the description below is limited to those programs which appear most susceptible to utilization and some form of consolidation.

A. Facilities Construction

1. Community Mental Health Center Construction (National Institute of Mental Health, PHS). Formula grants are available for construction of new facilities or remodeling or expansion of existing facilities to provide the mental health component of the community health center. The project must conform to the State mental health facility plan. Funds are made available by the State agency administering the plan upon determination that the project meets a community need.

B. Staffing

1. Community Mental Health Staffing (NIMH, PHS). *Project grants* are available to cover a portion of the costs of professional and technical personnel serving in a comprehensive community mental health center. The program of the center must be in consonance with the State mental health plan.

C. Operations

1. Comprehensive health services (PHS). *Block formula grants* are available under the "Partnership for Health" program. Funds are allocated to the State

health planning agency for distribution. The community project must be consistent with the State comprehensive health plan.

2. Medicaid (Title XIX) (Welfare Administration, HEW), *Formula grants* are provided by the Bureau of Family Services to the State agency responsible for administering the State Title XIX plan. Reimbursements would be made to the community health center for services rendered to persons eligible under the plan.

3. Children and Youth and Maternal and Infant Care projects. (Welfare Administration, HEW). *Project grants* are available from Children's Bureau to public or private sponsors for the operation of comprehensive children and youth and/or maternal and infant care projects. The sponsors must prepare a project plan for approval by Children's Bureau.

4. Basic Support Grants (Vocational Rehabilitation Administration, HEW). *Formula grants* are available through VRA to assist States in meeting the costs of providing services to eligible individuals. These may include diagnosis, physical restoration, as well as vocational guidance and job training. Additional funds may be made available to local health centers in the form of "expansion grants" obtained directly from VRA. Such grants must have the prior approval of the appropriate State vocational rehabilitation agency.

5. Headstart Program (OEO). *Project grants* are available through the community action program of OEO for diagnostic and treatment programs for preschool children.

6. Neighborhood Health Centers (OEO). *Project grants* are available for such services as family planning, prenatal care, and preventative medicine in centers providing comprehensive family care. The projects are funded through local community actions groups.

A SPECIAL SCHOOL FOR DROPOUTS (BASED ON AN ACTUAL MULTIFUNDED, MULTIAGENCY PROJECT)

A non-profit agency with experience in manpower training programs proposes a new kind of residential school for school dropouts in big city slums. Some students will take up residence in the school and others not, but all will remain in their own community environment, thus preserving home ties.

The program is to include not only training in occupational skills and apprenticeship, but a new basic curriculum integrated with the skill training as well as activities designed to lead the students to profound changes in life style and attitudes, hopefully, to break out of the ghetto. Moreover, the presence of the institution in the community is intended to induce changes in the community and the students' families.

The whole project is experimental initially, but if successful, might be replicated in many places. It is not wholly supportable by any single agency or appropriation. It would require participation of at least the following:

Office of Education; Vocational Education Research—Research, evaluation, curriculum development

Office of Economic Opportunity—Residential costs, health services, and recreation

Department of Labor; Manpower Development and Training experimental and demonstration projects—Recruitment of trainees, job counseling, and development of new occupational lines.

Office of Education; Manpower Development and Training—Institutional training costs

Department of Labor; Manpower Development and Training—Student stipends and on-the-job training costs

Some of the problems of packaging such a grant concern the designation of a "lead" agency to carry the main burden of contracting; allocation of costs to appropriations; limitations (administrative or legal) on some agencies "buying into" another agency's project; maintenance of continuity in agency review, approval and monitoring so that a good project is not allowed to falter merely because of staff turnover; securing State approval for release of MDTA funds which ordinarily are reserved for public schools; and arranging for transfer of funds to the contracting agency.

A UNIVERSITY INSTRUCTIONAL IMPROVEMENT PROGRAM

A large university proposes a "package" of activities to support a center to help the faculty find new and better ways to maintain high quality instruction. Center staff could consult with and conduct workshops for faculty members who need technical information and skills in such areas as programmed instruction, testing and grading, and computer assisted instruction in improving classroom instructional techniques. In cooperation with several university departments the Center could help prepare graduate students for positions as teaching fellows. In addition to serving the university, the services of the Center could be made available to a group of smaller and weaker colleges that, alone, cannot keep apace of fast moving developments in higher education and technology.

Building on a group currently receiving National Science Foundation support for the development of new college-level science curricula and an OE supported language laboratory, a university submits a package of proposals which would create a center to improve college-level instruction in science and non-science fields. The ingredients proposed and sources of funding are—

Research on the learning process—OE research funds (or NIH-NIMH);

Science curriculum development—continued support from NSF;

Non-science curriculum development—OE research program;

Language teaching—continued OE language and area study support;

Exploring the effective use of computers—NSF's program designed for this purpose;

Science teacher training—NSF's institutes;

A subsidiary program for upgrading of teachers from small, weak colleges at this center—OE developing colleges program;

Research participation support to enable teachers to work on outstanding research projects receiving funds from AEC, NASA, DOD, NIH, or NSF—NSF funds;

Library books—OE's college library grant program.

Some of the problems of packaging such a grant include—

The designation of a "lead" agency;

Allocation of costs to appropriations;

Arranging for joint agency review and monitoring;

Arranging for a single set of outside consultants in connection with the review;

Transfer of funds to contracting agency.

JOINTLY FUNDED MULTIPURPOSE NEIGHBORHOOD CENTER

Facilities or services		Program	Grantee	Annual cost	Comments
1. Center facilities	Neighborhood facilities grants (HUD)	Local public bodies		1 \$600,000	¾ grants; limited to new construction or major rehabilitation. No State involvement.
2. Core services: Center management, intake, outreach, community organization, and so forth.	Community action program grants (OEO)	Community action agencies		400,000	100 percent grants for demonstration; other grants require some matching. No State involvement required for demonstration grants.
3. Headstart, child, and parent services, legal services.	do	Community action agency (or other local public or nonprofit agencies).		300,000	Some matching required (usually 20 percent)
4. Community health services outreach	Comprehensive health planning and service grants (PHS, HEW).	State health agency		250,000	Governor has veto.
5. Maternal and child health services	Maternal and child welfare service grants (Children's Bureau, HEW).	do		100,000	Formula grants; 70 percent must be passed through to communities; ¼ to ¾ matching based per capita income and population; single State agency requirement. Merit system requirement.
6. Welfare information, referral, counseling	Grants to States for public assistance. (Welfare Administration, HEW).	State welfare agency administered by county welfare agency.		100,000	Formula grants; 50 percent matching on half of funds; single State agency requirement. Merit system requirement.
7. Adult basic education classes	Grants for libraries and community services (HEW).	State education agency. Administered by local schools except project grants may be administered by nonprofit agencies.		50,000	Single State agency requirement: 25 to 50 percent matching. Service must be provided statewide or this requirement waived. Must be part of State plan. Merit system requirement.
8. Neighborhood youth corps projects	Work and training program grants (OEO)	Community action agency or other public or nonprofit agency		100,000	Formula grant; single State agency requirement: 10 percent matching; State plan requirement: 20 percent of funds may be used for special project grants directly to local agencies.
9. Employment counseling, youth opportunity center.	Grants to States for employment service functions (Labor)	State employment security agency		100,000	10 percent local matching required. Governor has veto.
10. Remedial education services	Title I or III grants under Elementary and Secondary Education Act (HEW).	Local schools		100,000	No State matching. Merit system requirement. State carries out program directly. Formula grant; no local matching. Single State agency requirement for title I grants. State approves projects for title I grants.

¹ Total cost of facilities.

AGENCY REPORTS ON S. 698

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS,
Washington, D.C. April 6, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of February 28 requesting the Advisory Commission's views on S. 698, the "Intergovernmental Cooperation Act of 1967." The basic purpose of this legislation, as stated in its preamble, is to "achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society."

The proposed measure contains a number of the most significant recommendations for Federal action advanced by this Commission over the past seven years. Equally significant, it represents a distillation of the thinking and experience of a great many departments and agencies of the Federal Government, of State and local officials throughout the country, and of various national organizations of public interest groups on how some of the more severe impediments to effective intergovernmental collaboration and administration can be removed.

These proposals include: more uniform administration of Federal grants to State governments; strengthening the hand of the governor in the administration of Federal grants going to State agencies; and Congressional review of new grant programs at a fairly early stage in their development. At the local level, they include favoring cities and counties over special districts as applicants for Federal grants; strengthening local and metropolitan planning; and providing more information and greater authority to local governments with respect to Federal land development decisions. Finally, the legislation would help to achieve greater equity and consistency in the treatment of the mounting number of families and businesses displaced by Federal and federally aided programs.

The Commission strongly supports this legislation. Titles V and VIII implement key recommendations advanced in the Commission reports, *Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments* (June 1961) and *Relocation: Unequal Treatment of People and Businesses Displaced by Governments* (January 1965). Title IV implements recommendations advanced in the ACIR reports, *Impact of Federal Urban Development Programs on Local Government Organization and Planning* (January 1964) and *The Problem of Special Districts in American Government*. All told, some 12 separate ACIR recommendations are incorporated in S. 698.

S. 698 contains two new titles relating to grant consolidation plans and to land acquisition practices which the Commission has not had an opportunity to consider. Permit me, then, to explain in more detail the purposes of the titles that the Commission has considered and endorsed and to document the extent to which these provisions either represent current practice in certain grant programs or seek to correct significant deficiencies in present intergovernmental administration.

Title I of S. 698 is limited to standardized definitions covering the remaining titles and functions. In effect, it combines and makes uniform the definitions used in S. 1681 (89th Congress) and S. 561 (89th Congress).

Title II provides for more uniform administration of Federal grants to the States. Federal grants-in-aid now total over 175 general programs and are covered by more than 400 separate authorizations. Despite the increase in the number and size of direct Federal-local grants in recent years, approximately \$10.8 billion out of a total of \$14.6 billion for fiscal 1967 were accounted for by Federal grants going to the States.

This title effects a number of basic changes in the procedural aspects of Federal-State grant-in-aid administration. It provides that, when requested, the governor will be informed by Federal departments and agencies of the purposes and amounts of actual grants being received in the State. This procedural innovation would permit the governor to prepare a more suitable budget by giving him fuller information on the State's financial resources and needs and would enable him to more effectively coordinate his executive departments and agencies. Further, it would facilitate State legislative assessment of the impact of Federal programs on the State's budgetary and administrative processes. The title would make more uniform the handling of grant funds by elimi-

nating any requirement that such funds be deposited in separate bank accounts apart from other funds administered by the State. Another section of Title II would simplify Federal accounting requirements of Federal funds and schedule their transfer to better accord with their actual use by the State. This would eliminate a long-standing controversy over the State's accountability for interest earned on Federal grant funds prior to their actual expenditure and, in effect, would provide a legislative basis for Treasury Circular 1075 whereby a line of credit is established for the State or other recipient unit of government with the area Federal Reserve Board, permitting States to draw upon grant funds as they are needed.

The last section of Title II would alleviate another major point of Federal-State friction by authorizing Federal departments and agencies to waive the requirement for "a single State agency" and to approve other forms of administrative organization, providing the objectives of the grant program are not endangered. The "single agency" requirement is found in about a quarter of the Federal grant programs and in certain, concrete instances, it has been used to shackle the States in their efforts to achieve administrative reorganization.

Title III authorizes Federal departments and agencies to provide specialized technical assistance and services to State and local governments on a reimbursable basis. This concept was formulated first and approved by the Commission in response to the expressed interest of individual Federal agencies and organizations of governmental officials. The title would establish, as a general authority, a practice of intergovernmental comity already enjoyed by several Federal agencies, including the Census Bureau, Bureau of Reclamation, and Internal Revenue Service of the Treasury Department.

This discretionary authority would in no way modify the ability or practice of Federal agencies to provide special technical assistance and consultation services as a direct activity without reimbursement as might be authorized in their substantive legislation and appropriations. Further, the title is wholly permissive; under it, the requesting State or local agency and the affected Federal agency would have to agree on the scope and class of the services to be performed. Finally, the services provided would include only those that the Director of the Bureau of the Budget through rules and regulations determines may be provided by such Federal agencies and these rules must be in harmony with the government's policy of relying on the private enterprise to provide those services that are reasonably and expeditiously available through ordinary business channels. The Commission is of the opinion that this title would encourage intergovernmental cooperation in the conduct of specialized and technical services and enable State and local governments to avoid unnecessary duplication of special service functions and to achieve genuine economies.

Title IV establishes a coordinated intergovernmental policy regarding administration of grants for urban development. The first section of this title (1) authorizes the President to establish governmentwide guides in the formulation, evaluation and review of urban development programs and projects; (2) establishes as a matter of Congressional policy that agencies, to the extent feasible, take into account all viewpoints—national, regional, State and local—in the planning and administration of such programs; (3) declares it to be the intent of Congress that Federal departments and agencies consult with and seek advice from one another through interagency and other mechanisms in order to achieve fuller coordination in this critical area; and (4) requires, insofar as possible, that systematic planning stipulated under various individual Federal programs be geared to local and regional comprehensive planning. This section then seeks to come to grips with some of the basic difficulties impeding a more effective Federal role with respect to metropolitan America, including fragmented decisionmaking with respect to Federal aid for various urban facilities and projects, the absence of effective interagency coordinating machinery for such programs, and the failure to consider State, regional, and local comprehensive planning efforts that might relate to such projects. Regarding the planning problem, it might be noted that of the many Federal programs relating to planning, physical facilities and construction, a considerable number have no requirement for conformance with areawide or local comprehensive planning.

Total Federal aid to urban areas (using the standard metropolitan statistical area as the basis for definition here) increased by nearly \$6½ billion or 165 percent since 1961. Approximately \$10.3 billion of the \$17.4 billion total for fiscal 1968 will be spent in SMSA's to help meet the mounting demand for increased services in these areas. If these funds are to be used wisely—especially

those relating to physical development—the mechanisms provided in this title will be needed.

Section 402 of this title gives general units of local government preference as recipients of Federal grants and loans, in the absence of substantial reasons to the contrary. It would not affect the authority of special districts to receive such funds, however.

This provision is in full accord with the Commission's position that the Federal Government, like the States, has a basic responsibility for helping to curb the growing fragmentation of local governmental jurisdictions and that part of this responsibility involves an unfreezing of the jurisdictional status quo.

Title V of S. 698 provides for uniform policy and procedure for systematic Congressional review of any grant program established subsequent to the enactment of the legislation. In addition, it provides that new grant programs enacted without a designated termination date shall expire on June 30 of the fifth calendar year which begins after the effective date of the Act, and that each grant of three or more years, authorized in the 90th or any subsequent Congress, shall be reviewed by the Congress during the two years preceding the date upon which the program is to be terminated. As you know, Mr. Chairman, the Advisory Commission has found that the grants-in-aid to State and local governments thus far have been and are the National Government's principal mechanism for securing intergovernmental collaboration in achieving national legislative objectives. Reliance on the grant-in-aid mechanism has increased significantly during the past three years, with the passage of more than 55 new programs covered by more than 165 separate authorizations. With this have come mounting problems of manageability, coordination and fragmentation. In view of the paramount position of categorical grants in the American system of intergovernmental relations, the Commission has adhered to the position that the efficacy, value and public acceptability of this mechanism must be safeguarded and its usefulness as a collaborative device should be strengthened. The Commission's 1961 report entitled "Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments" spelled out in depth the Commission's recommendations for systematic review and these proposals will be implemented by enactment of this title. The Commission endorsed the stand that there is a general need for providing systematic reassessment of new grant programs, having found that the review and redirection of grants thus far has been treated on an irregular, uncoordinated basis. The findings of the Joint Committee on the organization of the Congress in this area only confirm the Commission's earlier recommendations.

The Commission's position then is that the proposed title would be beneficial on a number of counts. It would stimulate development of more uniform criteria with which Congressional committees could critically assess the effectiveness of grants-in-aid in important subject fields. Further, the provision for systematic committee review would give State and local governments a regular forum for expressing their views concerning problems that have arisen in connection with the administration of individual programs. Finally, the five-year termination provision relating to certain future grants is a salutary feature of the legislation although much confusion has arisen concerning this point. In this connection, it should be noted that this section obviously would in no way affect those grants that have a termination date or those that are specifically exempted from its application. This means that the termination provision merely affects those few programs each session that Congress fails to designate as short-term or long-term joint undertakings. In such cases, this provision along with the review process that in most instances would result are needed safeguards of Congress' legislative oversight role.

With respect to Sections 504, 505, and 506, the Advisory Commission has not taken a formal position. These embody amendments which were adopted by the Senate Subcommittee on Intergovernmental Relations during its deliberations on S. 2114, 88th Congress, and which appeared in Title II of S. 561, 89th Congress, as enacted by the Senate.

The Commission also has not had an opportunity to consider the new Title VI, relating to consolidation of grant-in-aid programs.

Title VII amends the Federal Administrative Property Services Act of 1949 and provides a uniform policy and procedure for the General Services Administration relating to its acquisition, use and disposition of land within urban areas in conformance with local governments' land utilization programs. This title carries out specific resolutions of major organizations representing the municipalities, including the U.S. Conference of Mayors and the National League of Cities.

Further, it is consistent with the findings and the recommendations of the Commission's report on the "Impact of Federal Urban Development on Local Government Organization and Planning."

The language of this title is in large part based on legislation enacted by the 89th Congress establishing similar procedures for the sale and disposition of public lands by the Department of the Interior (78 Stat. 986). Further, it incorporates suggestions of the Comptroller General regarding predecessor legislation whereby Federal interests are protected in the acquisition and disposal by giving the Administrator the authority to shorten the period of advanced notice or to eliminate it entirely when in his judgment such action is needed to avoid such things as land speculation, payment by the Government of higher prices, or time consuming and costly condemnation proceedings. In short, this title would appear to strike a good balance between the administrative needs of GSA and the planning and development objectives of the localities affected.

Title VIII of the proposed legislation establishes a uniform policy of relocation payments and assistance for all persons, businesses, nonprofit organizations, and farm operations displaced by direct Federal programs and by programs conducted through Federal grants-in-aid to State and local governments. It requires all such grant-in-aid programs to assure that standard housing is provided or is being provided for those displaced and provides for full Federal reimbursement of the first \$25,000 of any relocation payment and Federal sharing of any costs beyond that amount on the basis of the regular cost-sharing formula of the individual grant programs.

During the latter part of 1964, the Advisory Commission probed the general topic of Federal relocation policies and the intergovernmental problems generated by their lack of consistency and equity. In its January 1965 report on "Relocation: Unequal Treatment of People and Businesses Displaced by Governments" the Commission reached certain major conclusions:

It found that governmental displacement of persons and businesses is substantial and that all indicators suggest that the pace of the displacement will accelerate with increased urbanization and the accompanying mounting demands for more urban services.

It found that over the next four to eight years displacement under Federal and federally aided programs will affect annually an average of 111,000 families and individuals and 18,000 business and nonprofit organizations.

It discovered great inconsistencies among Federal and federally assisted programs with respect to the amount and scope of relocation payments, advisory assistance and assurance of standard housing.

As your Subcommittee hearings on S. 1681 (89th Congress) again demonstrated, even a cursory examination of the existing programs indicates that the quality and quantity of relocation assistance and payments, both figuratively and literally, depend on what development program hits the displacee.

The Commission report documented the fact that the adverse effects of relocation hit most severely those families and individuals least able to withstand it. The worst problem in relocating families and individuals is the shortage of standard housing for low income groups. Minority groups have the greatest relocation problems in terms of population classifications. Large families and the elderly present other special housing problems and among business displacees, small businesses, particularly those owned and operated by the elderly, are the main relocation casualties.

On the basis of these findings the Commission made 14 recommendations for State, local, and Federal action to meet the problems of those displaced by government. Title VIII of this legislation carries out most of those recommendations for remedial action at the Federal level. It provides that Congress establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by Federal and federally aided programs. Hence, under Section 802, heads of Federal agencies are required to make relocation payments in direct Federal programs causing displacement, such as those of the Post Office Department, GSA, or the Defense Department, in accordance with regulations established by the President.

Section 804 requires the same agencies to provide advisory assistance programs and specifies that these include determining the needs for assistance; assisting businesses and farm operators in relocating; supplying information regarding Federal Housing Administration, Small Business Administration and other assistance programs; helping to minimize readjustment problems; and coordinating relocation with other project activities and governmental efforts in the community or nearby areas.

Section 807 extends the requirements of Sections 802 and 803 covering payments and advisory assistance to federally assisted programs conducted by State and local governments. Section 805(c) carries out the Commission recommendation that the Executive Branch encourage Federal agencies causing displacement in urban areas to establish in each major urban jurisdiction a focal point of responsibility for relocation administration; it provides that the President may require any Federal agency to make relocation payments or provide other relocation services by entering into contracts or agreements with any State or local agency for use of its relocation facilities, personnel, and services.

Section 807(a)(4) carries out the ACIR recommendation that Congress apply to all federally aided programs a requirement as strict as that in the urban renewal and public housing programs that States and local governments administering Federal grant programs assure the availability of standard housing before proceeding with any property acquisition that displaces people. The language here is comparable to that presently contained in Federal urban renewal legislation. Section 807(b) provides that the Federal Government fully reimburse State and local governments for relocation payments up to \$25,000 in federally aided programs and on a formula cost-sharing basis for any portion above \$25,000 per displacement. The Federal reimbursement would be contingent on the State or local agency's agreeing to provide relocation payments and advisory assistance as prescribed by Federal law and regulation. The Housing and Urban Development Act of 1965 and the administrative practices of the Department of Housing and Urban Development, covering such programs as urban renewal, public housing, mass transit, community facilities, and open space, along with the relocation provisions of the Model Cities legislation, now utilize the cost-sharing formula for relocation payments up to and above \$25,000 as provided in this title. This title, then, merely extends these standards to other Federal grant-in-aid programs.

The various provisions of Title VIII constitute a meaningful answer to those who call for a more uniform, fair, and equitable treatment of owners, tenants and others displaced by the government's acquisition of real property. Equally important, they will not necessitate huge outlays of Federal dollars. Based on the annual displacement figures cited earlier, the total cost would come to approximately \$136 million annually or only \$63 million more than the relocation payments authorized under present legislation—a small price to pay for the benefits of this title.

Like other provisions of S. 698, this relocation title is a good management measure. It clarifies a confusing condition, simplifies the administration of existing relocation programs, and promulgates rules that can be easily applied. Equally important, it humanizes government at a stage when it appears most cold and calculating.

Title IX which establishes a uniform land acquisition policy for Federal and federally assisted programs is a new feature in the legislation, and the Commission has not yet had an opportunity to develop a formal position on the subject.

S. 698 is designed to correct obvious weaknesses in our federal system and to round out our national policies as they relate to regional and local planning, urban development, and relocation. The legislation seeks these objectives, because the largest unit of government in our federal system has a prime responsibility for assisting and strengthening the smaller units and for instituting needed reforms in the area of intergovernmental administration.

Simplified and more flexible administration of Federal grants to the States, strengthening the traditional services-in-aid device, promulgation of a coordinated intergovernmental urban assistance policy, systematic review by Congress of new federal grant programs, establishment of a uniform GSA policy and procedure for urban land transactions and use, and provision for a uniform relocation assistance policy—these are among the critical concerns of this legislation. These implement concrete recommendations of the Advisory Commission. When viewed separately, each appears to be a modest attempt to cope with some of the difficulties facing us in certain conflict areas. But when combined, as they are in this omnibus bill, they constitute a meaningful move towards achieving greater productivity and rationality in intergovernmental relationships, better administrative use of Federal grants-in-aid, more meaningful metropolitan and local planning, and a more equitable relocation program.

These are basic needs that must be met now if the vitality of our federal system is to be sustained. These are goals that have been endorsed by the National League of Cities, the National Association of Counties, the Council of State Governments, U.S. Conference of Mayors, the Governors' Conference, and the

various individual spokesmen for State and local governments. Finally, enactment of this legislation, in the opinion of the Commission, will implement the President's request, stated in his Budget Message of last January, that Congress "take favorable action on general legislation to improve and strengthen intergovernmental cooperation."

Reserving its position regarding the two new titles of the bill, the Advisory Commission on Intergovernmental Relations urges enactment of S. 698, the proposed Intergovernmental Cooperation Act of 1967, as a vital means of developing more constructive relationships between the levels of government and of curbing some of the confusion that characterizes the administration of certain joint action programs.

The Commission hopes these comments will assist the Subcommittee on Intergovernmental Relations in its deliberations on the proposed legislation. I should like to make it clear that in the submission of these comments, I am speaking only for the Advisory Commission and not for the President or the Administration.

Sincerely yours,

FARRIS BRYANT,
Chairman.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C. April 20, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: By letter dated February 28, 1967, you requested our comments on S. 698, 90th Congress, the proposed Intergovernmental Cooperation Act of 1967.

The growing size and complexity of Federal grants to State and local governments have presented to an increasing degree difficult problems of administration. The general objective of the bill, designed to simplify and improve the administration of grant-in-aid programs, is one which we fully support. While we do not express a substantive opinion with respect to all of the provisions in the bill, we strongly support the idea of a periodic congressional review of the effectiveness of the grant programs.

Section 102 of the bill includes "any agency or instrumentality of a State" in the definition of the term "State." It is possible that the proposed legislation could be construed as applying to any new authorizations, or changes in existing authorizations, for Federal payments to the National Guard enacted by the 91st or subsequent Congresses, since the National Guard is an instrumentality of the various States. However, hearings on similar bills do not indicate that such legislation is intended to apply to Federal funds appropriated for the National Guard. Moreover, since the National Guard has been in existence since the formation of our country and apparently will continue in existence for the foreseeable future, we do not believe that Federal aid in support thereof will be terminated, or that the Congress intends to require the authority for such Federal support to terminate automatically every five years as provided by title V and hence require new study and authorization periodically. Hence, it is our opinion that S. 698 is not intended to apply to Federal payments to the National Guard. It would be preferable, however, if the bill itself or its legislative history would clearly so indicate.

Section 203 requires Federal agencies administering grant-in-aid programs to schedule the transfer of funds to the recipients so as to minimize the length of time elapsing between such transfer and the disbursement of such funds by the State. This is desirable. However, the last sentence of section 203 would free the States of accountability for interest earned on grant-in-aid funds pending their disbursement for program purposes. This is a broadening of the principle set out in section 205 of the Department of Health, Education, and Welfare Appropriation Act, 1965, approved September 19, 1964, Pub. L. 88-605, 78 Stat. 979, which relieved recipients of certain types of grants of liability to pay to the United States interest earned on payments of such grants made before July 1, 1964. The legislative history of that section is not very extensive. However, it would appear that at least part of the reason for enacting the cited section was the fact that the Department of Health, Education, and Welfare had for years been making excessive advances to grantees without requiring payment of the interest or other income earned thereon, and it was considered unfair to the grantee to

retroactively require such payment. We believe consideration should be given to deleting the last sentence of section 203 since there appear to be no valid reasons for extending this principle for future application.

Section 303 provides that payments received by Federal departments or agencies for furnishing specialized or technical services to a State or political subdivision under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged, or to the current appropriation available for the cost of similar services. We question such procedure on the grounds that appropriations may thereby be augmented without congressional review and approval. We suggest that congressional control would be strengthened if the reimbursements were required to be deposited as miscellaneous receipts of the Treasury and the costs of such services are included in the various budgets and appropriations.

Title V of S. 698 provides for congressional review of Federal grants-in-aid and for the automatic expiration of such grants-in-aid. We are in accord with the objectives of this title, which would appear to be beneficial not only as an additional device for strengthening congressional control over Federal grant-in-aid funds but also as an additional requirement for acquiring current information as a basis for legislation in the complex and fast-changing area of Federal-State-local relationships.

Section 504 of title V would require the Comptroller General to make continuing studies of present and future grant-in-aid programs concerning the extent to which conflict and duplication can be eliminated and improvement in the administration of such programs can be achieved by changing certain requirements and procedures applicable thereto, and to make reports on such studies, with recommendations, to the Congress. The Comptroller General would be required, in making such studies, to consider, among other relevant matters, the equalization formulas and the budgetary, accounting, reporting, and administrative procedures applicable to such programs.

It is our view that section 504 neither grants any authority to nor imposes any requirements on our Office in addition to those we believe now exist for reviewing and reporting to the Congress on Government programs, including Federal grant-in-aid programs. Reviews of grants-in-aid are presently made by our Office pursuant to the Budget and Accounting Act, 1921, and the Accounting and Auditing Act of 1950. Under these statutes, we have been making reviews of grant-in-aid programs and have been reporting to the Congress on the results of these reviews, both as part of our regular audit work and pursuant to specific requests of congressional committees. Our existing reporting policy is to invite the attention of the Congress to any significant information obtained during our work which we believe or know to be of interest to it. Inherent in this policy is the inclusion in our reports of recommendations and suggestions which are made to the Congress or the executive departments for consideration, on the basis of the information in the reports, as to whether program changes of a substantive or policy nature should be made. We consider that reporting on substantive and policy matters is an existing responsibility of our Office, and we believe that our reports on Federal programs, including grant-in-aid programs, clearly evidence that we have been carrying out this responsibility for many years. However, enactment of this section would emphasize congressional interest in achieving more effective, efficient, economical, and uniform administration of such programs through continuing reviews by the General Accounting Office.

There is enclosed a copy of our letter to you, B-146285, January 24, 1964, which, in greater detail, explains our view that language along the lines of section 504 would neither impose nor grant any additional authority to our Office. Our letter of January 24, 1964, was prompted by testimony of officials of the Executive branch during the hearings on a similar bill S. 2114, 88th Congress.

The word "therefore" in line 14, page 19, should be "theretofore."

With regard to section 506, the "records and audit" provision, we consistently have been calling attention in our reports to congressional committees on proposed new grant programs to the desirability of including in the authorizing legislation specific provisions requiring grantees to keep adequate cost records of the projects or undertakings receiving Federal financial contributions and authorizing the administrative agencies involved and the Comptroller General to have access to the grantees' records for the purpose of audit and examination. In view of the increase in grant programs over the past several years, we feel that such requirement and authority are necessary in order to determine whether grants have been applied or expended for the purpose for which the grant was made. We most strongly urge that this provision (section 506) be included in

whatever version of the "Intergovernmental Cooperation Act of 1967" that may be enacted.

Title IX provides for the uniform acquisition of real property for Federal and federally assisted programs. Under section 902, applicable to Federal programs, and section 905, applicable to federally assisted programs, the acquisition of real property is to be made at not less than the fair value of such property as determined by the agency head, but there may be a question as to whether the provisions of section 901 offer sufficiently definite criteria for establishing the value of such property to be acquired. Section 903(c), applicable to Federal programs, provides certain criteria for establishing fair value for buildings, structures, and improvements. Section 905(b)(2), applicable to federally assisted programs, provides that decreases in value of the property attributable to the public improvements will be disregarded, but is silent with respect to disregarding increases in value of the property attributable to the public improvement.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

[Enclosure]

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., January 24, 1964.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your letter of January 15, 1964, requesting detailed information on questions arising from conflicting testimony presented at your Subcommittee's hearings on Senate bill 2114. The conflicting testimony, presented by representatives of several executive departments, concerns the impact on the General Accounting Office of Senator Karl E. Mundt's proposed amendment to Senate bill 2114.

As stated by our Mr. Arthur Schoenhaut, in his testimony before the Subcommittee on January 14, 1964, except for certain time provisions for reporting, we do not view the proposed amendment as imposing any requirements on our Office in addition to those we believe now exist for reporting to the Congress on the results of our reviews of Government programs, including Federal grant-in-aid programs. Reviews of grant-in-aid programs by our Office are made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). Under these statutes, we have been making reviews of grant-in-aid programs and have been reporting to the Congress and its committees on the results of these reviews, both as part of our regular audit work and pursuant to specific requests from congressional committees.

During his testimony, Mr. Schoenhaut invited the attention of the Subcommittee to a listing of 90 reports which have been made by this Office to the Congress over the last five years covering a wide variety of subjects concerning various grant-in-aid programs. In response to the question raised in your letter of January 15, 1964, as to the extent to which studies, reports, and recommendations of the General Accounting Office—under our existing authority—have gone beyond financial, administrative, and management matters and have suggested changes of a substantive or policy nature, we have compiled, and are enclosing herewith, a summary of selected significant findings and recommendations included in these 90 reports on grant-in-aid programs. These findings and recommendations deal with matters related to basic concepts of particular grant programs, which were called to the attention of the Congress and the Federal agencies involved for consideration as to whether these matters were consonant with the intended purpose and direction of the grant programs. We have reported findings and recommendations of a similar nature on many other Federal programs, but we have limited the enclosed compilation to those of particular interest to your Subcommittee—that is, those involving grant-in-aid programs.

Witnesses appearing before your Subcommittee on behalf of executive departments of the Government presented testimony relating to Senator Mundt's amendment which indicated, generally, that the amendment would require the Comptroller General to (1) depart significantly from his historical function and present responsibilities, (2) make continuing reviews of grant-in-aid programs, which are unnecessary (particularly with respect to the Federal-aid highway program), (3) evaluate the effectiveness, efficiency, and economical administra-

tion of the grant programs, for which he does not have the professional and technical resources, and (4) submit reports to committees of the Congress which would tend to duplicate those available from existing sources. As previously stated, it is our view that the proposed amendment would not impose any requirements on our Office that are not now contained in our basic legislation which is summarized below. Further, we have been making continuing reviews of many of the grant-in-aid programs for many years—the Federal-aid highway program has been under review since 1953 and 37 reports thereon have been issued to the Congress, the Bureau of Public Roads, and the Department of Commerce since 1955—and we consider that our reviews and reports must deal with the effectiveness, efficiency, and economical administration of the programs to be of maximum use to the Congress and the executive departments. We do not believe that any of our reports to the Congress on grant programs have duplicated those made by the executive departments.

Auditing authority and responsibilities have been placed on the General Accounting Office by a number of laws, the principal one being the Budget and Accounting Act, 1921.

Section 305 of this act provides that:

"All claims and demands whatever by the Government of the United States or against it, and all accounts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office." (31 U.S.C. 71)

Section 312(a) provides that:

"The Comptroller General shall investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds, and shall make to the President when requested by him, and to Congress at the beginning of each regular session, a report in writing of the work of the General Accounting Office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement, and application of public funds as he may think advisable. In such regular report, or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy or efficiency in public expenditures." (31 U.S.C. 53)

This latter provision directs the General Accounting Office to examine into and report to the Congress on matters of economy and efficiency as well as on the legality of public expenditures. In explanation of this section, particularly with respect to the meaning of the term "application" (of public funds), which was added by amendment to the bill that became the Budget and Accounting Act, 1921, Congressman Luce of Massachusetts, who offered the amendment, stated:

"* * * It is contemplated that the Comptroller General shall make it his duty, his constant unremitting duty, to search for methods of economy * * *."

"It is in this particular section that we can make this clear. The section was worded, I fear, in a way that might have led some occupant of this office to imagine that his functions were purely clerical; that is, the functions implied by the word 'accountant.' The words used have the savor of the book-keeper, of the cashier, of the treasurer, not of the investigator of the way the money is spent, not of the man who goes out and looks for trouble, not of the man who attempts of his own initiative to find places to save money. Therefore I make the suggestion that we add to the words of the cashier and the treasurer and the accountant, namely, 'receipt and disbursement,' the word 'application.' If there ever was presented on this floor a single word of amendment which might have a wider extent of usefulness to the people, it has not come to my knowledge."

Later Mr. Luce also made this statement:

"The purpose, Mr. Chairman, is to make it sure that the Comptroller General shall concern himself not simply with taking in and paying out money from an accountant's point of view, but that he shall also concern himself with the question as to whether it is economically and efficiently applied."

Implicit in the audit responsibilities of the General Accounting Office is the responsibility to report information obtained as a result of its audit work. This responsibility is clearly indicated in the legislative history of the 1921 act which states that:

"The independent audit will, therefore, * * * serve to inform the Congress at all times as to the actual conditions surrounding the expenditure of public funds in every department of the Government."

Our audit policies recognize that each Government agency has a primary responsibility to determine, with due regard to all applicable restrictions and requirements, the manner in which its activities and operations are carried out. Our Office is not empowered to direct changes in agency policies, procedures, and functions. We do, however, observe opportunities for achieving greater economy, improving efficiency, and attaining better results. Important deficiencies encountered are fully developed for presentation in our reports with appropriate recommendations for corrective action by the Congress or executive departments.

Senate bill 2114 has as its purpose a periodic congressional review of Federal grants-in-aid to States and to local units of government. Senator Mundt's proposed amendment to section 3 of Senate bill 2114 would require the legislative committees of the House and of the Senate having jurisdiction over the programs to consider whether any changes should be made in the purpose or direction of the program, or in the procedures and requirements of the program to conform to the recommendations of the Comptroller General. Several witnesses for the executive departments apparently interpreted the proposed amendment as *requiring* that the Comptroller General make recommendations as to whether or not any changes in purpose or direction of the original program should be made. We construe this section to require that the legislative committees of the House and of the Senate having jurisdiction over the grant-in-aid programs consider two things: (1) whether any changes should be made in the purpose or direction of the program and (2) whether any changes should be made in the procedures and requirements of the program to conform to the recommendations of the Comptroller General.

It seems clear to us that section 3 of the proposed amendment would not *require* that the Comptroller General make recommendations concerning changes in purpose or direction of grant-in-aid programs. Our existing reporting policy, however, is to invite the attention of the Congress to any significant information obtained during our work which we believe or know to be of interest to it. Inherent in this policy is the inclusion in our reports of recommendations and suggestions which are made to the Congress or the executive departments for consideration, on the basis of the information in the reports, as to whether program changes of a substantive or policy nature should be made. We consider that reporting on substantive and policy matters is an existing responsibility of our Office, and we believe that our reports on Federal programs, including grant-in-aid programs, clearly evidence that we have been carrying out this responsibility for many years.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
May 23, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 28, 1967, for a report on S. 698, a bill "To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes."

This Department agrees in principle with the objectives of the bill—to achieve optimum cooperation and coordination of activities among the various levels of government. The President has strongly emphasized the necessity for increased collaboration among Federal and State governments and communities, particularly in areawide planning. We believe that the bill would be a step towards strengthening and improving the effectiveness of Federal-State programs, but

feel that the bill would better serve this objective if certain provisions are modified or omitted.

S. 698 consists of nine titles. An additional title X has recently been proposed, and this report will include comments on that title. Because of the scope and complexity of S. 698, we will describe and comment on the bill on a title-by-title basis.

TITLE I

Title I defines key terms used in the bill. A few technical questions with respect to such definitions have come to our attention.

The definition of "grant" or "grant-in-aid" in section 106 excludes "payments in lieu of taxes". Public Law 81-815 and title I of Public Law 81-874 are generally regarded as, at least in part, payments in lieu of taxes. It is not free from doubt, however, whether they would be considered (in their entirety) as such within the meaning of the bill. Considering the underlying philosophy of these two laws, it would seem appropriate to classify them as payments in lieu of taxes for the purposes of the bill.

The definition of "comprehensive planning" in section 109 provides an exception with respect to title VI. We believe that this exception should apply to title VII rather than title VI.

The definition of "displaced person" in section 113 would include a person (or individual) who moves from real property as a result of the "reasonable expectation of acquisition of such real property" by a Federal or State agency. It is not altogether clear to us what factual conditions would need to exist to bring the quoted phrase into operation.

TITLE II

Title II would attempt to assist States in carrying out Federal grant-in-aid programs by requiring that the Governor of a State or his designee, or the State legislature be notified (upon request) of the purpose and amounts of grants-in-aid to the State (section 201); by providing that a Federal agency may not require that grant-in aid funds be deposited in a separate bank account of the State, but that the State agency concerned shall render authenticated reports to the granting agency of the status and application of the funds and such other facts as may be required by the Federal agency (section 202); by providing that grant-in-aid payments to a State be scheduled so as to minimize the period of time during which the funds are held by the State prior to disbursement by it; and by providing that States shall not be held accountable for interest earned on granted funds pending their disbursement for program purposes (section 203).

Section 204 of title II would authorize the head of a Federal agency administering a grant-in-aid program, upon request of a State (i.e., the Governor or other authority responsible for determining or revising the organizational structure of State government), to waive a statutory requirement that the program be administered by a single State agency or by a multimember board or commission and to approve a different administrative arrangement, if the Federal agency head determines that the objectives of the grant-in-aid program would not be endangered and that there has been an adequate showing that the Federal requirement prevents the establishment of the most effective and efficient organization arrangements within the State government.

Doubtless some State governments do have problems with communication among State officials and with the timing of data on budgets. Consequently, although, as chief executive of the State, the Governor should usually be able to obtain directly all available facts and data from his own State program agency promptly and in a form designed for his needs, we would not object to enactment of section 201.

The sight-draft-account and letter of credit system of this Department for grants-in-aid is consonant with the first sentence of section 203 of the bill, which requires that Federal agency heads shall, consistent with program purposes and applicable Treasury regulations, schedule the transfer of grant-in-aid funds from the Treasury so as to minimize the time lapse between such transfer and the disbursement by a State (see section 6 of P.L. 89-105). While this would ordinarily prevent the earning of interest on our grant funds, we question the second sentence of section 203, which would relieve the States from accountability for interest earned on grant funds pending disbursement, where this did occur. Such a provision might be an incentive to States to draw the funds sooner than actually needed, contrary to the objective of section 203.

We believe that it would be desirable for the heads of Federal agencies to have the authority to waive the single State agency requirement with its related safeguards as proposed in section 204 of the bill. However, we expect that waivers would be given quite sparingly.

The most important consequence of the present requirement for a single State agency is the existence of a single, clearly identifiable unit within the structure of State government which must be accountable to the Federal agency for every aspect of the administration of the program at the State and local levels. Such a focal point is very important. The Federal agency, in order to discharge its responsibility, must know with whom, at the State level, it shall deal, and who can be held accountable, not merely in a purely fiscal but in a substantive sense, for carrying out the federally assisted program. Therefore, even in cases where the single State agency requirement is waived, we would expect that there would be a single point of accountability within the State government.

The fact that an agency is designated by a State as the single agency to which this Department will look for conformity with the conditions of a grant does not exclude use by it of other State agencies. In fact, we encourage utilization by the designated agency of the resources and services of other State agencies and we have required cooperative planning and working relationships in a number of programs—for example, in the planning of facilities for mental retardation programs.

Nevertheless, we recognize that, in recent years, new domestic problems have arisen, for which not only new programs, but also fresh approaches and techniques in the administration of both new and established programs are needed.

A significant trend among the States has been the creation of combined State Departments for health and welfare functions. Ten jurisdictions now have such departments. The creation of these combined health and welfare departments indicates a recognition of the interrelationship between the problems of poverty and ill-health, and a realization of the need for better coordinated administration and services in these fields at the State level.

We believe that the availability of the waiver authority under the conditions proposed in the bill would enable Federal agencies to cooperate in the search for more effective administration. This position is consistent with the provisions of section 6(c) of the proposed "Joint Funding Simplification Act of 1968," on which we reported to this Committee on May 16, 1968. In general, that section would authorize Federal agency heads to waive the requirement that a single State agency administer (or supervise the administration of) Federal assistance which provides part of the support for a *jointly funded* project. This section 6(c) waiver would, thus, also be available to make possible new techniques in administration.

As written, section 204 of S. 698 does not appear to authorize waiver of a statutory requirement that a *particular* State agency (such as the State health agency) must be designated as the single State agency. If such authority is intended we believe clarification is necessary.

TITLE III

Title III would authorize Federal agencies which do not already have this authority to provide, under rules and regulations of the Director of the Bureau of the Budget, specialized and technical services to State and local agencies on a reimbursable basis. Federal agencies would be required to provide such services, if based on the authority of section 302, on a fee basis. This provision does not appear to supersede existing authority possessed by any Federal agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of Government; hence, we would not object to its enactment.

Section 302 also provides that only such services may be provided as are authorized under rules and regulations of the Budget Bureau and that such rules and regulations shall be consistent with and in furtherance of the policy of relying on the private sector to provide those services reasonably and expeditiously available through ordinary business channels.

We should like to point out that the Executive Branch has long-standing policies and procedures designed to avoid needless competition with private business. Moreover, in some instances, even though given types of services are available through ordinary business channels, they are nevertheless appropriately rendered by a Federal department or agency. For example, while there are, we understand, firms which specialize in providing advice on how to apply for Federal grants,

we believe that it is properly within the province of the Federal agency administering a grant program to give such advice to potential applicants for grants.

TITLE IV

Title IV would establish a coordinated intergovernmental urban assistance policy. It would require the President to establish Government-wide rules and regulations for use in formulating, evaluating, and reviewing, in the light of specific objectives listed in the bill, "urban development programs and projects for the provision of federally aided urban facilities, and Federal projects having a significant impact on the development of urban and urbanizing communities." In making loans or grants-in-aid for urban development, Federal agencies would be required, in the absence of substantial reasons to the contrary, to make the loan or grant to a unit of general local government rather than to a special-purpose unit of local government.

The Department of Health, Education, and Welfare endorses the purposes of title IV and the guiding principles as stated in section 401. Within the Department, we have made specific organizational changes to improve our ability to work effectively with other Departments on urban problems.

Early in 1967, the Secretary of Health, Education, and Welfare established the Center for Community Planning for the purpose of providing an urban focus for the Department and developing responsiveness to the needs of the city. The Center coordinates Departmental activity in connection with the Model Cities, Neighborhood Services Program, Parent Child Centers, the Youth Opportunity Campaign and other urban programs. It has built a "Technical Assistance Network" utilizing local Social Security District office managers and other Department personnel, through which requests for information and assistance in connection with urban problems may be routed rapidly to that point—the State, the Region or the appropriate agency in Washington—where the most effective help can be given.

One of the Center's major tasks is to develop new and more flexible mechanisms of funding comprehensive urban programs such as the Model Cities. It has developed and is operating a system for prompt interagency evaluation of multi-purpose projects involving this Department and other Departments. The Center represents the Department on interdepartmental task forces and committees concerned with urban programs and with semi-public associations such as the Conference of Mayors and the National League of Cities.

The Center is currently working with the Council of State Governments and the Department of Housing and Urban Development to develop policy for the Federal Departments in working with the States in the Model Cities and other urban programs, and to advise the States of the role they should be playing in this effort. The Center is also chairing an interdepartmental task force attempting to develop information materials aimed at inner city residents to make known the objectives of the Model Cities program and the services available through it and other urban facilities.

While section 401 requires the President to establish rules and regulations to implement its objectives, section 403 would somewhat inconsistently vest the authority for prescribing rules and regulations for effective administration of title IV (which includes only one additional section besides sections 401 and 403) in the Budget Bureau or such other agency as may be designated by the President.

TITLE V

Title V would attempt to strengthen Congressional review of Federal grant-in-aid programs by limiting to five years the duration of any grant-in-aid program which is authorized by the ninety-first or any subsequent Congress and which is given no expiration date (section 502), and by requiring the appropriate Congressional committees to review prior to its expiration date any grant-in-aid program authorized for three or more years (section 503). In addition, the Comptroller General would be directed to make continuing studies of all grant-in-aid programs (section 504), and the Advisory Commission on Intergovernmental Relations would be required, upon the request of an appropriate Congressional committee, to conduct studies of the intergovernmental relations aspects of programs and to report findings and recommendations to such committee (section 505). Section 506 would require recipients of future grants (including those made pursuant to extension, modification, or alteration of existing agreements) to keep certain types of records, such as records disclosing

the amount and disposition of grant funds. This section would also make such records and related documents subject to audit and examination by representatives of the head of each grant agency and of the Comptroller General.

While the automatic termination provision of section 502 could easily be avoided by providing expiration dates for programs or by stating in legislation that the programs authorized are not subject to section 502, we are disturbed by the underlying philosophy of the provision. The mere existence of section 502 seems to suggest that, in the normal case, a Federal grant-in-aid program should not last for more than five years. Very few of the programs administered by this Department fit this generalization. At one extreme we have general support programs, such as public assistance, which represent commitments to assist States for an indefinite period of time, and at the other extreme we have demonstration programs which in many instances should and do last less than five years.

In between these extremes are programs of greatly varying periods of duration. Each case represents a judgment based on the purpose of the program, its maturity, and the likelihood of changes in circumstances which would require review of the program. This program-by-program method is a far more rational approach to the matter of terminating and reviewing programs than would be the five-year generalization implicit in section 502.

While we favor periodic review of programs—the objective of section 503—we believe that this objective can best be fulfilled through strengthening and extending existing Congressional and Executive methods of evaluating grants and reaching decisions to terminate, modify or expand them. Department of Health, Education, and Welfare grants are, in effect, reviewed by Congress through several methods: the consideration of amendments to authorizing legislation frequently requires a fresh look at the basic laws; the budgeting and appropriation process provides an annual mechanism for the evaluation of the cost, efficiency, and performance of programs. Advisory councils charged with the comprehensive evaluation of programs have been established by Congress for several major programs.

An alternative to automatic termination of programs which we recommend (and which is included in the Administration's higher education proposals) would be a provision that would authorize appropriations for one additional year if legislation to extend a limited program has neither been enacted nor rejected by the beginning of the final year of the program's authorization. Such a provision would encourage Congressional review of grant-in-aid programs at least one year in advance of expiration of program authority. Such a review would be further encouraged by provisions like the new advance funding and lead-time provisions enacted by P.L. 90-247 for the Elementary and Secondary Education Act which require the Department to submit to the substantive and Appropriation Committees an annual evaluation report, and a comprehensive evaluation report in the penultimate year before expiration of the program. (Similar provisions are included in the pending Administration bill on higher education.) In addition, Congress not infrequently requires special studies and reports on programs.

No single method and no single time table is adequate to review all the grant programs of the Department of Health, Education, and Welfare. This is so because of the persistency and complexity of the problems to be combated, the many different types of programs operated by the Department, the varying periods of time it takes new programs to get under way, the long-range commitments which must often be made by 50 State governments and hundreds of their subdivisions in order to participate effectively in the programs, and the length of time it takes to acquire meaningful experience at local, State, and national levels with respect to complex programs and major projects.

In addition, we should like to point out that the Comptroller General already appears to have adequate authority to review the legality of Federal expenditures. The amendment proposed by section 504 (and section 501) might inject him into questions of administration which are a fundamental responsibility of the Executive branch, and vesting such a function in the Comptroller General may well duplicate responsibilities of the Congressional committees. We should also like to point out that there is an important distinction between technical studies by the Advisory Commission on Intergovernmental Relations and recommendations. The members of the Commission who are in the Executive branch cannot be committed through such recommendations to provisions inconsistent with the development of legislation and budgetary programs through the regular Executive channels.

With respect to provisions on records and audit in section 506, we should like to point out the Department of Health, Education, and Welfare has for decades required the keeping of pertinent records. We are not aware of the need for additional legislation such as that proposed in section 506.

In view of the above, we recommend that title V not be enacted.

TITLE VI

Under title VI, the President would be required to examine the various programs of grants-in-aid to determine what consolidations are necessary or desirable to promote the better execution and efficient management of individual grant programs within the same functional area, to provide better coordination among individual grant programs within the same functional area, or to promote more efficient planning and use by the recipients of grants under programs within the same functional area. If the President finds a consolidation of individual grant-in-aid programs within the same functional area to be necessary or desirable, he would be required to prepare a grant consolidation plan for the making of such consolidation and to transmit the plan to the Congress. The Congress would have 90 days to reject grant consolidation plans; if not so rejected, they would become effective.

While this Department favors the objectives of title VI—to decrease the current multiplicity of grant programs with a view to achieving more effective and more efficient use of Federal assistance—we believe that this objective can be better accomplished by other means.

First, we should like to point out that the President already has the authority to propose plans which may transfer functions involving grant-in-aid programs, and this authority is in some respects broader than that provided in title VI. For example, under title VI each grant consolidation plan may provide for only one consolidation of individual grant programs (section 602(b)). On the other hand, under the Reorganization Act of 1949, the President has the authority to propose plans which may transfer functions involving any number of grant programs.

Second, it is not clear from the language of title VI to what extent a grant consolidation plan could change existing statutory requirements. Grant consolidations which go beyond questions of the internal organization of the Executive Branch may involve complex changes in existing substantive laws. However, title VI only provides that the consolidation plan transmitted to Congress "shall specify in detail the formula or formulas for the making of grants under the consolidated program . . ." It does not deal with many other types of changes which may be required. All such changes, we believe, are best handled on the case-by-case basis of the regular statutory amendment process.

As you know, steps have been taken to reduce some of the proliferation of categorical grant programs. Our experience has direct bearing on the provisions of title VI. The Department's most extensive efforts to date are incorporated in the Partnership for Health program authorized by Public Law 89-749 and expanded and extended by Public Law 90-174. Prior to passage of Public Law 89-749, most State health programs were supported through disease-oriented categories of health services. Under the Partnership for Health program, the categorical restrictions were removed, thus affording the States new flexibility in dealing with the health needs which the States themselves determine to be most pressing and to which they assign high priorities in their health planning. As a result, a number of States have begun to promote and support health services in areas such as alcoholism and family planning that previously were not supportable under the categorical grant system. Even more important, States are using the planning money available under the Act to determine priorities among their health needs and to allocate State and Federal funds accordingly.

As a supplement to the State formula grants, the Act authorizes project grants to support services to meet health needs of limited geographical scope or of special regional or national significance. These grants provide a mechanism for directing funds where they are most urgently needed, where they will be used most effectively, and where they will develop new and innovative public health programs which promise the most far-reaching effects. The elimination of categorical restrictions on the project grants has also encouraged the introduction of a wide array of new methods for providing various kinds of health services. Among the new activities are family planning, comprehensive health services development, alcoholism programs, and encouragement of group practice.

In addition to the broad programs mentioned above, project grants are playing an active role in the development of a number of special interest programs,

including the Model Cities program, neighborhood health centers, and other neighborhood services. The Department is coordinating its efforts with other Federal agencies to assure that the planning and service programs in the Partnership for Health contribute to meeting national health needs as identified through comprehensive State and local planning.

In summary, it is our judgment that the experience we have had with the Partnership for Health authority—formula and project grants—appears to be highly effective and, we believe, holds great promise for the strengthening of State and Federal relations and for the improvement of the Nation's health.

A second step we are proposing to reduce the number of grant programs in the Department is the Administration's 1968 proposals now under Congressional review for amending the Higher Education Act to include the modification and consolidation of the college-based student financial aid programs into the Educational Opportunity Act. Under these proposals there would be a single appropriation item for Federal capital for the National Defense Student Loan fund and the College Work-Study Program, with a 90-10 Federal institutional matching ratio, and a single appropriation for the Educational Opportunity Grant Program which would not require program matching funds. The fund distribution pattern would be altered from the three separate allotment formulas, which differ, to one not tied to a specific formula, subject only to the limitation that institutions within any one State could not receive more than 12½ percent of available funds.

This proposal, if enacted, would give institutions much greater flexibility in the use of the student aid programs and would eliminate unnecessary diversity among the requirements of the programs. Moreover, the advance funding and leadtime amendments proposed in our bill would provide the Nation's colleges and universities with a firm, operating base for planning their programs.

Title II of the Partnership for Learning and Earning Act of 1968 deals with the consolidation and improvement of existing vocational education programs. The proposed legislation would consolidate existing authority for vocational education programs under the Smith-Hughes and George-Barden Acts, and Vocational Education Act of 1963. The consolidation is proposed in response to the first recommendation of the 1968 Advisory Council on Vocational Education which stated, "Administrative complexities should be reduced by combining all vocational education legislation into one act."

Another significant provision of the Partnership for Learning and Earning Act of 1968 is the removal of the requirement for separate matching purpose-by-purpose under the Vocational Education Act of 1963. The bill would provide instead for overall statewide matching which would allow more flexibility in that varying proportions of Federal funds could be used in matching State and local funds.

Under present law, (The Smith-Hughes Act, the George-Barden Act, and the Vocational Education Act of 1963) 23 purposes are specified, each requiring separate accounting and matching. In addition, within those 23 categories, there are State percentage expenditure requirements for three of the six purposes in section 4(a) of the Vocational Education Act of 1963. These would be abolished.

Finally, we should like to refer again to S. 2981, the "Joint Funding Simplification Act of 1968". This bill would provide for procedures which would expedite consideration and approval of projects drawing upon more than one Federal assistance program and would simplify requirements for the operation of those projects. We believe that S. 2981 will make a significant contribution to the improvement and simplification of our grant mechanism, and that S. 2981 is a more appropriate vehicle than title VI of S. 698 for administrative consolidations for the purpose of improving the use of Federal assistance by States, local governments, and other public and private organizations and agencies.

TITLE VII

This title would amend the Federal Property and Administrative Services Act of 1949 by adding a new title VIII, Urban Land Utilization. The Department of Health, Education, and Welfare agrees with the objective of this title, which is to facilitate coordination between the Federal Government and local governments and planning bodies (including zoning authorities), in the acquisition, use, and disposition of land for Federal purposes. However, on the method and details of this title, we defer to the Administrator of General Services to whom the primary responsibility would be assigned by this title.

TITLE VIII

Title VIII would provide for relocation payments and other assistance to displaced persons (defined, in section 113, to include owners of businesses, farmers, families, and others), on a uniform basis, in Federal and Federally-assisted programs under which real property is acquired. In the case of direct Federal acquisition of real property for public use (part A of Title VIII), section 802 would require heads of Federal agencies to make fair and reasonable payments, pursuant to regulations established by the President, to reimburse displaced persons for their actual moving and related expenses *or*, if any displaced person so elects, to make optional fixed payments to such person according to a formula. Relocation assistance programs (i.e., counseling, information, planning, and coordinating activities) would also be made available. While we endorse the objectives of this part, on its details we defer to other agencies which would be more directly involved in the detailed program features.

With respect to Federally-assisted programs (part B), section 807 would require, as a condition to the approval of any grant, contract, or agreement with a State agency for Federal financial assistance to pay the cost in connection with the acquisition of real property, or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, that the State agency has agreed to provide to displaced persons for moves from such real property—(a) relocation payments on the same basis as those provided in the case of direct Federal acquisition of real property; (b) relocation assistance programs; and (c) a feasible method for the temporary relocation of displaced families and individuals, and an assurance that decent and sanitary dwellings are available and reasonably accessible to displaced families and individuals. Cost to State agencies providing relocation payments and services would be included as part of the costs of the project for which Federal financial assistance is otherwise available. The State agencies would be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other eligible project costs, except that the Federal agency providing assistance would contribute (up to) the first \$25,000 of any relocation payment to a displaced person, and no State agency would be required to make a relocation payment to any displaced person of *more than* \$25,000 in order to receive Federal assistance for relocation payments, or to meet requirements of section 807. (For purposes of Title VIII, the term "State" would include the political subdivisions of a State.)

We agree with the Bureau of the Budget that insofar as real property acquisition is concerned, the costs of displacement caused in whole or in part by Government action are, in a very real sense, costs of property acquisition and should be financed in the same manner as the other costs of property acquisition. We also believe that, as a matter of policy, all these costs and assistance should be as uniform as possible. It seems to us desirable that in all direct Federal programs, as well as in State or local programs carried on with the assistance of Federal funds, this principle should be applied. The Department of Health, Education, and Welfare fully supports the principle of (1) making fair and reasonable relocation payments to persons displaced by the acquisition of real property under direct Federal programs, (2) provision of a complete range of relocation services and other assistance for program displacees consistent with need, (3) requiring State and local governments to assume responsibility for relocation payments and services as a condition of participation in federally assisted programs, and (4) contributing to the costs of relocation payments a Federal share proportionate to the percentage of Federal participation in other eligible project costs. Title VIII, in our view, would meet these overall objectives if it were amended to provide (as the Bureau of the Budget has suggested), in the case of federally assisted programs, that the Federal Government share in the cost of relocation payments made by State agencies only to the same extent as other project costs.

In reaching the above conclusion, we are not unmindful of the fact that in certain federally assisted programs, e.g., urban renewal, the Federal Government now assumes a higher share of relocation costs than its percentage of participation in the project. On balance, however, recognizing that uniformity is desirable in relocation assistance programs, and on the basis of our experience in the many and varied grant-in-aid programs of this Department, we believe that through the utilization of the particular project formula in relocation costs, the common program goals at the Federal, State, and local levels can be reached

while at the same time strengthening what we regard as a basically effective and purposeful working relationship.

TITLE IX

Part A of this title (Federal Programs) sets forth certain policies vis-a-vis property owners that are to be followed by Federal agencies in acquiring real property from such owners by purchase or condemnation. For the most part, these policies seem designed to assure fair treatment to the owner and to others in possession of the real property.

Part B would provide that financial assistance to a State agency, or to an agency of a political subdivision of a State, shall not be available to pay for the cost of acquisition of real property, or the cost of a public improvement for which real property is to be acquired, unless such agency agrees to follow certain rules (set forth in part B) that, as in the case of part A, seem designed to assure fair treatment to the owner (and others in possession) of the property to be acquired by such agency by purchase or condemnation. Some of these rules would take effect on January 1, 1970. In part, these provisions are patterned after the land acquisition policy provisions contained in Section 402 of the Housing and Urban Development Act of 1965 (P.L. 89-117) which applies to certain programs administered by the Department of Housing and Urban Development. That section, together with certain related sections (Sections 401, 403) of P.L. 89-117, would be repealed effective January 1, 1970.

While we endorse the objectives of this title, on its details we defer, particularly in the case of direct acquisitions, to the General Services Administration and other agencies more frequently involved in such acquisitions.

TITLE X

The purpose of title X is to encourage simplification and improve coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, and to provide for a survey of the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions. This title would authorize the Comptroller General to prescribe rules and regulations for using State and political subdivision accounting and auditing in meeting financial management requirements of such programs. The Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget would be required to conduct a joint study of the principles, standards, and related requirements of Executive agencies for accounting and auditing of Federal assistance programs, with a view to developing improved Government-wide accounting and auditing procedures.

Within the last month the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget have agreed to initiate an inter-agency study in this area. Consequently, we recommend deferral of legislative action of title X pending completion of this study.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

WILBUR J. COHEN,
Secretary.

OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, D.C., June 12, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our views on S. 698, a bill "To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes."

The substance of Title V of this bill, relating to periodic Congressional review of grants-in-aid programs, is also treated in S. 458 and S. 735. We have sent a separate letter on those bills and those comments constitute our comments on Title V of S. 698.

Title XIII of S. 698 relates to relocation assistance to displacees of Federal and federally-assisted programs. We want to make a special plea for enactment of legislation to provide this assistance. We have in the past been unable to adequately and meaningfully assure that persons displaced by our highway programs are treated justly. The truth is that inadequate provision of relocation assistance has worked a severe hardship on many families and businesses displaced, particularly on the poor. Our detailed views on Title XIII have been submitted in testimony.

Subject to the above views, the Department of Transportation favors enactment of this legislation.

The Bureau of the Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report for the consideration of the Committee.

Sincerely,

JOHN L. SWEENEY,
Assistant Secretary for Public Affairs.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C. June 14, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Your letter of February 28, 1967, requested the views of the General Services Administration on S. 698, 90th Congress, the short title of which is the "Intergovernmental Cooperation Act of 1967."

The bill is subdivided into nine titles. GSA's comments are confined to the provisions of titles VII, VIII, and IX, which relate to the acquisition, use, and disposal of land by Federal agencies, as these are the only portions of the bill which would appreciably affect the responsibilities of GSA. We are in accord with the over-all purposes of these titles.

Title VII amends the Federal Property and Administrative Services Act, 63 Stat. 377, as amended, by adding at the end thereof a new title VIII which would require the Administrator of General Services to give advance notice to local governments prior to offering for sale any Federal real property located within an urban area. The Administrator also would be required to provide available zoning information to prospective purchasers. In connection with the acquisition or change in use of real property, the Administrator would be required to comply to the extent practicable with local zoning requirements, give advance notice of plans to acquire additional property, and to consider objections by local governments to proposed Federal acquisition or use of real property in urban areas. The primary objectives of title VII are consistent with GSA's policy to give advance consideration of local comprehensive planning and land-use regulations in formulating specific acquisition and disposal plans.

We would recommend, however, that the last sentence of the proposed section 804(a) of the Property Act, which begins on line 7 and ends on line 12, page 30 of S. 698, be deleted. The sentence implies that potential adverse impact resulting from advance notice of proposed land acquisitions is the exception rather than the rule. Our experience shows that this is not the case, but that advance public notice of proposed acquisitions of real property by the Federal Government more often than not precipitates land speculation and inflationary real estate prices in the vicinity. With this recommended change, GSA would have no objection to the enactment of title VII.

The purpose of title VIII is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs. This policy is to be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursements for relocation payments under federally assisted programs.

GSA has long recognized the need for uniform and equitable practices in the treatment of persons displaced by the acquisition of real property by the Federal

Government. Except for the acquisition by the Department of Defense or any military department thereof, the Department of the Interior, the National Aeronautics and Space Administration, the Tennessee Valley Authority, and the Department of Housing and Urban Development, displaced owners or tenants of federally acquired property may be paid only the fair market value of the property acquired. Expenses, losses and damages incurred by owners or tenants as a direct result of moving themselves, their families and possessions are not compensable.

Reports issued by the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works and the Advisory Commission on Intergovernmental Relations clearly indicate that the Federal, State, and local governments are falling far short of equity in their treatment of those persons who are displaced as a result of the programs of such governments. GSA has long advocated the enactment of legislation which would minimize inequities existing in the present state of law when property is acquired in Federal programs.

Generally, we believe that enactment of title VIII of S. 698 would establish a workable, uniform system for fair and equitable treatment of individuals displaced by Federal land acquisitions. However, in the interest of clarifying some of its provisions we offer the following comments and amendments for consideration by your Committee.

Section 803(a) provides for a relocation assistance program for individuals who occupy property adjacent to the acquired property and to those displaced from the acquired property. We recommend that the bill not provide assistance to occupants of adjacent property on the grounds of impracticability, the impossibility of factually ascribing claimed losses to the Federal acquisition, and the availability of aid in such situations from other Federal sources such as the Small Business Administration.

We are in accord with the objectives of section 803(c) (2) which would require Federal agencies to assure the availability of adequate substitute dwellings within a reasonable period of time prior to displacement. However, the effect of this provision on GSA's public buildings program is a matter of some concern. This program requires the acquisition of sites generally located in highly populated areas. The mandatory requirement that the acquiring agency be required to obtain assurance of substitute dwellings for the displaced prior to displacement would in many cases cause interminable delay in the construction of the project. Further, the delays encountered would not be controllable by GSA since the availability of adequate substitute housing is dependent upon local housing conditions. The question whether the Federal Government should assure adequate substitute housing prior to displacement must of course be resolved in the light of the over-all Federal program. However, your Committee should be aware of the effect of section 803(c) (2) on the activities of acquiring agencies whose programs are confined largely to urban areas.

We would suggest that the Committee give serious consideration to amending section 803(c) (2) by granting broader authority to Executive agencies to waive the requirements in unusual situations such as where immediate action might be required to protect individuals or property because of natural or unnatural disasters. The present waiver provision of the bill is applicable only during a period of national emergency proclaimed by the President. We recommend that the section be amended to provide that the President by regulation may prescribe situations when such assurances may be waived.

The suggested amendment will not greatly affect the operations of our site acquisition program although it will permit expeditious action when emergency situations warrant. However, the additional costs which will be incurred in other acquisitions as a result of the assurance provision of section 803(c) (2) will be substantial because of anticipated delays in commencement of construction and increases in other administrative expenses. Because of the many unknown factors, it is not possible to estimate the extent of the additional costs.

With respect to section 805(a) (2) (A), which limits entitlement to actual and reasonable expenses of searching for replacement locations to farm operations, we suggest that the Committee consider, in furtherance of the stated purpose of uniformity of treatment of all persons displaced by Federal acquisitions, whether entitlement to such expenses should also be extended to dwellings and businesses, taking into account also the administrative burden incident to determining the nature and reasonableness of such items of expenses which should be reimbursed.

We suggest that the Committee also consider whether the payment provided for in section 805(a) (2) (B), which section authorizes the payment of an ex-

pense not actually incurred by displaced persons as a result of Federal acquisitions, is inconsistent with the general purpose of section 802(a) of the bill, and, if the provision is retained in the bill, also consider, again in the interest of uniformity of treatment, whether such provisions should be broadened to include displaced persons who move from a dwelling. If the provision is retained, we recommend that the following be substituted for "B":

"(B) if he disposes of personal property on moving his dwelling, or business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Title IX of S. 698 would bring about major changes in Federal land acquisition laws, policies, practices, and procedures. Our comments are directed to certain specific provisions which we believe could be clarified or revised to good effect.

Section 901(a)(3) provides that the head of an acquiring agency establish a fair and reasonable price for the property and make a prompt offer to the owner for the full amount so established. If it is the intent of this provision to require agencies to offer realistic prices, which if refused, could be subject to good faith bargaining, the provision would not be in conflict with GSA's present policy. GSA does not pay less than fair and reasonable prices for acquired property. On the other hand, if the provision was interpreted as establishing a one-price policy which price could not be appropriately increased by the acquiring agency should the owner refuse to accept the fixed amount, the result would be to significantly increase the number of condemnation actions, a result clearly not intended by the bill. The flexibility afforded by our present policy has proven to be in the interest of both the Government and the landowner, and GSA would not favor the more restricted one-price policy.

With respect to section 901 as a whole, we do not believe it is intended that the procedures and safeguards set forth therein are necessary or appropriate to voluntary leases obtained by the Government. In order, however, to clarify this point and provide for uniform interpretation by the various agencies concerned, it is recommended that there be inserted at the end of the section a subsection (c) to read as follows:

"(c) As used in this section, the term 'interest in real property' shall not include any leasehold interest, acquired by the Government, except where such interest is acquired by condemnation."

Section 904 would require the head of a Federal agency to reimburse owners for incidental expenses incurred in conveying their real property to the United States. Included is the payment of penalty costs for prepayment of a mortgage incident to such real property. GSA recommends that language be incorporated to require that the mortgage be in effect at or prior to the time public announcement is made of the project. This could be done by the insertion of a provision to that effect before the semicolon on line 14, page 55, of the bill.

The Bureau of the Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely yours,

LAWSON B. KNOTT, JR.,
Administrator.

AGENCY REPORTS ON AMENDMENT 748

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C. May 8, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of May 2, 1968, requests our views on a proposed amendment in the form of Title X—Accounting, Auditing, and Reporting of Federal Assistance Funds—to S. 698, the Intergovernmental Cooperation Act. Our views presented below are preliminary comments as suggested in your letter in order that you may have the reaction of our Office before the hearings which begin on May 9.

Our Office and other interested governmental agencies have long recognized the growing complexity and serious problems in grant administration, including the areas of accounting, auditing and financial reporting. In recognition of this

situation, a project somewhat similar in purpose to that stated in section 1003(a) will be undertaken as an activity of the Joint Financial Management Improvement Program. An agreement to undertake such a project was reached at a meeting of the principals of this program, that is, the Secretary of the Treasury, the Director of the Bureau of the Budget, the Comptroller General, and the Chairman of the Civil Service Commission on April 29, 1968.

The project agreed upon, while not of the breadth contemplated in section 1003(a), involves a review of the requirements and procedures in effect for accounting, auditing, and reporting under grant programs and development of recommendations leading to simplification and better coordination of the financial aspects of these programs.

The project team will be staffed by representatives from the three fiscal agencies—the Bureau of the Budget, the Treasury Department, and the General Accounting Office and by representatives from the four largest agencies involved in grants to States and local governments. These agencies are the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Department of Labor, and the Office of Economic Opportunity. The Assistant Secretary-Comptroller, Department of Health, Education, and Welfare, has strongly endorsed this project.

Because of another pressing priority in this field, the project will not be started until probably sometime in June. In the meantime, we plan to have members of the project team visit with members of your subcommittee staff to explain in more detail the features of this project. Having made the decision to go ahead with such a project, we believe that a statutory requirement for such a joint study as outlined in section 1003(a) is not needed at this time.

Section 1003 (b) and (c) would lay upon the Comptroller General functions of management involving financial relationships between executive agencies and States and political subdivisions, which are the primary responsibility of the executive agencies in the administration of their programs. The assumption of these functions by the Comptroller General would, in addition, tend to negate the independence and detachment from operational responsibility which the Congress intended for him in the review and evaluation of agency performance. Thus in our view the concept of subsections (b) and (c) is inconsistent with the statutory role of the General Accounting Office.

In a practical sense the requirement of subsection (b) to study and review the accounting and auditing systems of the many States and political subdivisions which are the recipients of Federal aid programs would be an undertaking beyond the resources of our Office, considering our other responsibilities. In addition, subsections (b) and (c) imply that the Comptroller General has prescribed principles, standards, and related requirements concerning accounting and auditing by the States and political subdivisions with respect to the expenditure of Federal aid funds. Such is not the case, and we do not believe that it would be appropriate for the Comptroller General to prescribe such standards and procedures for adoption by State and local agencies. These are matters which should be worked out by the executive agencies and the State and local bodies and made a part of the grant agreements entered into under individual programs.

It is not clear what is intended in subsection 1003(c) by the provision that executive agencies, upon certain determinations specified in the subsection, may substitute for their accounting and auditing the accounting and auditing performed by States and political subdivisions. Regardless of the acceptability of the accounting of the States and political subdivisions, each Federal agency must account separately to its management and to the Congress for its financial operations of which aid programs with States and political subdivisions are only a part. Moreover, in most if not all Federal agencies the accounts maintained for Federal aid programs are in summary form based on reports and documentation taken from the more detailed accounts of the States and subdivisions.

As to auditing, it is doubtful that Federal agencies would or should accept auditing done by States and political subdivisions without periodic tests to provide reasonable assurance that the prescribed rules and regulations were being adequately followed. At the present time there is some movement in certain Federal agencies toward placing considerable reliance on audits performed by others, but with tests as to the adequacy of such audits.

Also, to reduce the total manpower necessary to perform the audit function and to lessen the impact of Federal auditing on non-Federal organizations, many Federal agencies have entered into cross-servicing arrangements under which the agency having a predominant financial interest in Federal programs at an individual non-Federal entity, performs the audit function, particularly as to overhead

rates, for the Federal agencies having a financial interest at that entity. Insofar as the term "auditing" as used in the proposed Title X relates to financial audits, the expanded use of such cross-servicing arrangements could serve to further reduce the audit problem, and would enhance the feasibility of developing model audit manuals in particular areas and determining the degree to which reliance might reasonably be placed on the grantee's system of internal control, including auditing.

With regard to management-type audits, it is less likely that the Federal agencies would accept audits by States and political subdivisions since management-type audits go beyond the verification of expenditures and are concerned with matters of administration about which audits by States and political subdivisions might not be considered sufficiently objective.

We shall be pleased to discuss the above views in further detail if you desire.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 3, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate

DEAR MR. CHAIRMAN: Subsequent to the issuance of our letter of May 8, 1968, presenting our views on the proposed amendment to S. 698 pursuant to your request of May 2, 1968, members of our staff spoke with Mr. Charles Smith, Staff Director of your Subcommittee, on the advisability of having an oral discussion of our views. Mr. Smith advised that there is no necessity for having a further discussion of this matter, but did request that we furnish the Subcommittee, for inclusion in the record, further details concerning the project mentioned in our May 8 letter to review the financial administration of grant programs. This letter is in response to Mr. Smith's request.

As we explained in our earlier letter, the project to review the financial management of grants-in-aid was approved by the principals of the Joint Financial Management Improvement Program at their annual meeting on April 29, 1968. A copy of the project proposal considered by the principals is enclosed. After some discussion as to the objectives of the project, the principals approved going ahead with it with some limitations on the stated scope. The principals agreed that the project team should concentrate on financial matters and that after the team had obtained sufficient information to do so, it would develop a work plan defining in more detail the scope of the study and the priority of coverage. This plan would be subject to further review and approval.

As mentioned in our May 8 letter, other priorities have required that the organization of the project team be delayed for several weeks. When the team is organized, I am sure that one of its first contacts will be with the staff of your Subcommittee to obtain such information and advice on problem matters and areas of concern as your staff may be able to offer. The project team will keep your staff advised of its progress and consult with them on its tentative conclusions.

We believe this to be a very important undertaking but because of our inability to obtain specific information about the kinds and degrees of the problems, we are unable to even conjecture as to the detailed operations which would be involved in this study. The General Accounting Office will probably be assuming the lead in this project and we will arrange for you to receive periodic progress reports.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

[Enclosure]

PROPOSED PROJECT ON REVIEW OF FEDERAL GRANT-IN-AID PROGRAMS

1. *Project Title.*—It is proposed that a project be initiated to be titled Joint Agency Study of Federal Grant-in-aid programs to State and local governments.

2. *Background.*—A large segment of public expenditures is represented by Federal grant-in-aid programs to State and local governments. BOB Special Analysis K estimates these expenditures for fiscal 1968 at \$18.4 billion and for 1969 at

\$20.3 billion. In 1955 expenditures were only \$3.3 billion. It is estimated that there are statutory authorizations for over 400 separate programs. It is further estimated that the programs are administered by 21 departments and agencies, and 150 bureaus and divisions.

Many administrative problems have arisen from the fact that the programs have so proliferated and have originated from such various sources that the state and local governments are presented with multiple administrative and financial reporting problems.

On March 17, 1967, the President sent a message to the Congress entitled "Quality of American Government" in which he called specific attention to the administrative problem of managing grants and in which he directed that steps be taken to remedy the situation. A task force was formed to develop a plan to do this. As a result of the work of this task force a bill was introduced into the 1st session of the 90th Congress on August 28, 1967, (H.R. 12631) to provide temporary authority to expedite procedures for pooling of grants at the State and local levels. Work on the bill was not completed in the 1st session. A similar bill has been introduced also in the second session on February 16, 1968, (S. 2981). The bill is entitled to "Joint Funding Simplification Act of 1968," and provides enabling legislation to permit pooling of funds from grants of more than one Federal agency. The bills currently are in the respective Committee's on Government Operations of the Senate and House. However, these bills deal with only a small part of the problem.

Over the past several years, the Intergovernmental Relations Subcommittee, of the Senate Government Operations Committee, has studied the problem of Federal-local relations. This committee has called attention to the many problems existing in the Federal Grant system. The Advisory Commission on Intergovernmental Relations has also highlighted the needs for some simplification of the Federal grant program.

3. *Project Objective.*—The objective of the project would be to develop recommendations for improvement and simplification of the general administration and financial management of Federal grants-in-aid to State and local governments. This would include efforts to develop recommendations for grantee accounting procedures common to all granting agencies, single audit by a cognizant agency, and a reduction in reporting requirements through simplification, combination or elimination of existing reports.

4. *Scope of the Study.*—The study will cover the following eight agencies:

- Department of Interior
- Department of Labor
- Department of Agriculture
- Department of Commerce
- Department of Health, Education, and Welfare
- Department of Housing and Urban Development
- Department of Transportation
- Office of Economic Opportunity

These agencies have the preponderance of the programs with grants-in-aid.

The study will also cover a representative number of State and local governments to ascertain their problems as recipients of the grants.

5. *Project Organization.*—The project will be conducted under the sponsorship of the Joint Financial Management Improvement Program Steering Committee. The study team should probably include representatives from the following agencies:

General Accounting Office:	
Office of Policy and Special Studies.....	1
Civil Division.....	1
Bureau of the Budget.....	1
Department of the Treasury.....	1
Department of Health, Education, and Welfare.....	1
Department of Housing and Urban Development.....	1
Department of Labor.....	1
Office of Economic Opportunity.....	1

AGENCY REPORTS ON S. 735 AND S. 458

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., March 13, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of February 28, 1967, transmitted a copy of S. 458, 90th Congress which has as its stated purpose "To provide for periodic congressional review of Federal grants-in-aid to States and to local units of government."

This measure is identical with S. 2114, 88th Congress, as that bill was passed by the Senate on June 19, 1964. As indicated in the report of the General Accounting Office on S. 2114, as originally introduced, and the testimony of its representatives which appears at page 56 of the published Hearings before your Subcommittee on S. 2114, January 14, 15 and 16, 1964, the General Accounting Office was strongly in accord with the objectives of the bill and recommended that it be given favorable consideration with certain suggested changes which were adopted. These changes are incorporated in S. 458.

We are strongly in accord with the objectives of S. 458, which would appear to be beneficial not only as an additional device for strengthening congressional control over Federal grants-in-aid but also as an additional means for acquiring current information as a basis for legislation in the complex and fast changing area of Federal-State-local relationships. We recommend that S. 458 be given favorable consideration.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS,
Washington, D.C., March 14, 1967.

HON. EDMOND S. MUSKIE,
Chairman, Senate Subcommittee on Intergovernmental Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of February 28 for the views and recommendations of the Commission with respect to S. 458, a bill "to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government," and S. 735, the proposed "Federal Grant-in-Aid Review Act of 1967."

These bills, as well as Title V of the proposed Intergovernmental Cooperation Act of 1967 (S. 698), would provide for a uniform policy and procedure for systematic Congressional review of any grant program established subsequent to enactment of the legislation. In addition, both provide that each such grant-in-aid program enacted without a designated termination date shall expire on June 30 of the fifth calendar year which begins after the effective date of the Act. Finally, both stipulate that each grant-in-aid program of three years or more, authorized in the 90th (S. 458 cites the 89th, but we assume this is a clerical error) or any subsequent Congress, shall be reviewed by the Congress during the two years preceding the date upon which such program is to be terminated.

S. 458 differs from S. 735 essentially by its inclusion of Sections 4, 5, and 6 which, respectively, would provide (a) for studies of existing and future grant-in-aid programs by the Comptroller General, (b) for studies by the Advisory Commission on Intergovernmental Relations of the intergovernmental aspects of programs subject to provisions of section 3 on request of Congressional Committees, and (c) that State and local units of government would be required to keep financial records of programs receiving support from Federal grants-in-aid and that these records be open for inspection and audited by the heads of Federal agencies administering the grants and by the Comptroller General. S. 458 is nearly identical to S. 2114, which was passed by the Senate in the 88th Congress, and to Title II of S. 561, as it passed the Senate in the 89th Congress.

S. 735 does not include the three titles discussed above. In addition, it differs from S. 458 and Title V of S. 698 in two other respects. First, Section 4(b)(2) authorizes each standing committee of the Senate and House of Representatives to employ a review specialist to assist in carrying out the purposes of the legislation. This provision further implements the recommendations of the Joint

Committee On the Organization of the Congress and closely resembles the proposed amendment (Section 136 (b) and (c)) to the Legislative Reorganization Act of 1946 (2 U.S.C. 190 d) contained in Section 105(a) of S. 355 (90th Congress). Second, Section 4(b)(3) requires that each standing committee of the Senate and House of Representatives submit not later than March 31 of each year reports on their review activities of the preceding calendar year. This section parallels the proposed amendment to the Legislative Reorganization Act of 1946 (Section 136(d)) appearing under Section 105(a) of S. 355.

The Advisory Commission on Intergovernmental Relations has found that grants-in-aid to State and local governments have been and are the National government's principal mechanism for securing intergovernmental collaboration in accomplishing national legislative objectives. As you know, reliance on the grant device has increased significantly during the past few years. With this have come mounting problems of fragmentation, manageability, and coordination.

In view of the paramount position of Federal grants in the American system of intergovernmental relations, the Advisory Commission believes that the efficacy, value and public acceptability of this mechanism must be safeguarded and that its usefulness as a collaborative device be strengthened. More than six years ago the Commission was struck by the widespread concern over the deficiencies in existing legislative procedures pertaining to grants, especially as related to determining those grants that had achieved their initial objectives and to redirecting others to reflect developments subsequent to their enactment.

On May 25, 1960, the ACIR placed the subject of periodic review of Federal grants-in-aid on its work program and subsequently at its June 15, 1961 meeting the Commission adopted a report entitled *Periodic Congressional Reassessment of Federal Grants-In-Aid To State and Local Governments*. This report was made part of the record of the hearings on S. 2114 in the 88th Congress. It spells out in depth the Commission's recommendation for systematic review. This recommendation would be implemented by the enactment of S. 458, S. 735, or Title V of S. 698.

The Commission position has consistently been that there is a need for general legislation providing for systematic review and assessment of grants-in-aid. This should not be interpreted to mean that Federal grant-in-aid programs under current congressional and administrative processes go unreviewed. The executive agencies involved are giving closer and closer attention to the operation of their programs and requests for grant funds are subject to the usual scrutiny of the appropriation processes in Congress. Moreover, the legislative oversight committees exercise surveillance with respect to grants coming within their jurisdiction. In general, however, the review and redirection of grants are treated unsystematically and on an uncoordinated basis. The findings of the Joint Committee On the Organization of the Congress in this area only confirms these earlier ACIR recommendations.

The Commission position is, therefore, that the proposed legislation would be beneficial on a number of counts. It would stimulate development of more uniform criteria with which Congressional committees could critically assess the effectiveness of grants-in-aid in important subject matter fields. Equally significant is the provision for systematic committee review since it would give State and local governments a regular forum for voicing their views concerning the problems that have arisen in connection with the administration of individual grant programs. Further, the five year termination provision relating to certain future grants is a salutary feature of the legislation. Much confusion has arisen concerning this issue, but it should be pointed out that this section obviously would in no way affect those grants that have a termination date or those that have been specifically exempted from its application. In short, the termination provision merely affects those few programs each session that Congress fails to designate as short-term or long-term undertakings. In such instances, the Commission feels that the five year termination provision, along with the review process that in most instances would result from it, would be helpful.

With reference to Sections 4, 5, and 6 of S. 458, and to Sections 504 and 505 of S. 698, the Advisory Commission has taken no formal position. The first three embody amendments which were adopted by the Senate Subcommittee on Intergovernmental Relations during its deliberations on S. 2114, in the 88th Congress and which appeared in Title II of S. 561 in the 89th Congress as it was enacted by the Senate.

As in the case of the above, the Commission has taken no formal position with reference to the review specialist and annual report provisions of S. 735. These subsections do not appear to conflict with the Commission's basic recommenda-

tions in this area, and tend to further implement those of the Joint Committee on the Organization of the Congress.

We hope these comments will assist the Subcommittee in its deliberations on this proposed legislation. I should like to make clear that in the submission of these comments, I am speaking only for the Advisory Commission and not for the President or the Administration.

Sincerely yours,

FARRIS BRYANT,
Chairman.

COUNCIL OF ECONOMIC ADVISERS,
Washington, April 6, 1967.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: As you requested we have reviewed S. 458 and S. 735, bills "to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government."

We find ourselves in sympathy with the proposal calling for evaluation of grant-in-aid programs after several years of experience. But we hesitate to support an arbitrary review and termination date for each program not otherwise covered by a termination date.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

GARDNER ACKLEY.

GENERAL SERVICES ADMINISTRATION,
Washington, April 6, 1967.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Your letters of February 28, 1967, requested the views of the General Services Administration on S. 458 and S. 735 of the 90th Congress, similar bills to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government.

These bills relate to programs to be enacted by future Congresses for grant-in-aid assistance by the Federal Government to States or their political subdivisions; provide expiration dates for the authorization of such grants; and require the review of such programs by appropriate committees of the House and the Senate on or before June 30 of the calendar year preceding the year in which such programs will expire. Committee reports covering such studies would show the extent to which the purpose for which each grant was authorized has been met, whether the recipient can carry on without further Federal assistance, and whether changes in purpose or direction should be made. S. 458 would also vest centralized responsibility in the Comptroller General to review presently existing and all future programs for such grant-in-aid assistance and submit to the Congress reports and recommendations concerning the effectiveness of the programs.

With the enactment of Public Law 88-383, GSA has at this time one program for grant assistance to States and local agencies and to nonprofit organizations and institutions. These grants, which will terminate on June 30, 1969, are to assist in the financing of recipients in the collecting, describing, preserving and compiling and publishing of documentary sources significant to the history of the United States. However, we do not believe that payments under this program would be determined to be "grants-in-aid" under these bills in that section 7(3) (ii) (6) of S. 458 and section 4(c) (B) (vi) of S. 735 exclude "payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private."

Inasmuch as we do not expect that the enactment of either S. 458 or S. 735 would substantially affect any programs of the General Services Administration, we defer to the views of the interested Federal departments and agencies as to the merits of the proposed legislation.

The Bureau of the Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely yours,

J. E. MOODY,
Acting Administrator.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., April 20, 1967.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: By letter dated February 28, 1967, you requested our comments on S. 735, 90th Congress. The stated purpose of this measure is "To provide for periodic review of Federal programs of grant-in-aid assistance to the States."

We note that section 5 of the bill erroneously listed as section 4 includes "any agency or instrumentality of a State" in the definition of the term "State." It is possible that the proposed legislation could be construed as applying to any new authorizations, or changes in existing authorizations for Federal payments to the National Guard enacted by the 90th or subsequent Congresses, since the National Guard is an instrumentality of the various States. However, hearings on similar bills do not indicate that such legislation is intended to apply to Federal funds appropriated for the National Guard. Moreover, since the National Guard has been in existence since the formation of our country and apparently will continue in existence for the foreseeable future, we do not believe that Federal aid in support thereof will be terminated, or that the Congress intends to require the authority for each Federal support to terminate automatically every five years as provided in S. 735 and hence require new study and authorization periodically. Hence, it is our opinion that S. 735 is not intended to apply to Federal payments to the National Guard. It would be preferable, however, if the bill itself or its legislative history would clearly so indicate.

We note that this measure, in large part, would provide for the same type of Congressional review of grant-in-aid assistance as would be provided by title V of S. 698, 90th Congress. The primary difference between the provisions of this bill and title V of S. 698 is that in this bill no specific provision is made for studies by the Comptroller General of Federal grant-in-aid programs as provided in section 504 of S. 698. As pointed out in our report of today's date on S. 698, we do not feel that such requirement in S. 698 imposes any requirements on our office in addition to those we believe now exist for reporting to the Congress on the results of our reviews of Government programs, including Federal grant-in-aid programs. Consequently, we do not feel that—so far as our office is concerned—there is any substantial difference between S. 735 and title V of S. 698.

We recognize that any provision for specific review by the Comptroller General of such programs will perhaps change the frequency of our review of such programs and of course, such provision would serve to emphasize congressional interest in a continuing overall review of grant-in-aid programs. In any event, the question of whether specific provision should be made for review of grant-in-aid by our office is viewed as fundamentally a question of policy for the sole determination of the Congress.

We are of course strongly in accord with the objectives of this bill and title V of S. 698. Legislation along the lines of these measures would appear to be beneficial not only as an additional device for strengthening congressional control over Federal grants-in-aid but also as an additional means for acquiring current information as a basis for legislation in the complex and changing area of Federal-State-local relationships.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

DEPARTMENT OF THE ARMY,
Washington, D.C., September 28, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 735, 90th Congress, a bill "To provide for periodic review of Federal programs of grant-in-aid assistance to the States." The Department of the Army has been assigned responsibility for expressing the views of the Department of Defense.

This bill, which if enacted, would be cited as the "Federal Grant-in-Aid Review Act of 1967," would establish procedures for review of grant-in-aid programs authorizing assistance from the Federal Government to two or more States or their political subdivisions. All future programs, unless the enacting statute specifically provides otherwise, shall expire on June 30 of the fifth calendar year which begins after the effective date of the enactment of such program. The bill provides for a specific review by the Congress for such programs as are authorized over a period of three or more years. This review would be conducted during the period beginning not later than twelve months immediately preceding the date on which such authority is to expire and the results of committee investigation and study would be reported not later than one hundred and twenty days before such authority is due to expire. In the case of existing statutes authorizing the establishment of programs for grant-in-aid assistance over a period of three or more years to two or more States or their political subdivisions, each standing committee of the Senate and House of Representatives which exercises legislative jurisdiction and oversight over such programs would review and study, on a continuing basis, the application, operation, administration, and execution of such program, and would submit, not later than March 31 of each year, a report on its activities during the immediately preceding calendar year. The studies both for future and existing programs shall be conducted to ascertain whether the purposes for which such future grants-in-aid would be authorized have been met, the extent to which such programs can be carried on without further Federal financial assistance, the extent to which such program is adequate to meet any growing and changing needs related to the purposes for which it was originally designed, and whether any changes in purpose, direction, or administration of the original program should be made.

The Department of the Army, on behalf of the Department of Defense, has no objection to S. 735. With respect to the details of this bill, this Department defers to other agencies more directly concerned, that is, those administering grant programs, for example, the Departments of Health, Education, and Welfare, Housing and Urban Development and Transportation.

The fiscal effects of this legislation are not known to the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

STANLEY R. RESOR, *Secretary of the Army.*

DEPARTMENT OF THE ARMY,
Washington, D.C., December 7, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 458, 90th Congress, a bill "To provide for periodic congressional review of Federal grants-in-aid to States and to local units of government." The Department of the Army has been assigned responsibility for expressing the views of the Department of Defense.

This bill would provide that all programs of grants-in-aid (authorized by the Eighty-ninth or any subsequent Congress) from the Federal Government to two

or more States or their political subdivisions, unless the enacting statute specifically provides otherwise, shall expire on June 30 of the fifth calendar year which begins after the effective date of the enactment of such program. Concurrently, the bill provides for a specific review by the Congress for such grants-in-aid programs as are authorized over a period of three or more years to ascertain whether the purposes for which such grants-in-aid would be authorized have been met, the extent to which such programs can be carried on without further Federal financial assistance, and whether any changes in purpose, direction, or administration of the original program should be made to conform to recommendations of the Comptroller General under Section 4 of the bill or the Advisory Committee on Intergovernmental Relations (established by Public Law 86-380) under Section 5. The bill provides that such Congressional review shall be conducted during the period beginning not less than twelve months or more than twenty-four months immediately preceding the date on which such authority is to expire and the results of committee investigation and study shall be reported not later than one hundred and twenty days before such authority is due to expire. The bill further provides that the Comptroller General shall make continuing studies of presently existing as well as all future programs for grant-in-aid assistance from the Federal Government and furnish reports, together with recommendations, to the Congress. Finally the bill provides that each recipient of assistance whether under any new Act of Congress enacted after the effective date of this Act or any new grant-in-aid agreement, or extension, modification or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep records in accordance with the requirements of the Federal agency administering the program.

The majority of the grant-in-aid programs administered by the Department of Defense, which includes direct research grants authorized by the Act of September 6, 1958, P.L. 85-934 (42 U.S.C. 1891), are excluded from periodic Congressional review by the language of this bill. Therefore, the Department of the Army, on behalf of the Department of Defense, defers to the views of other more directly affected Federal agencies.

Enactment of this bill would have no foreseeable fiscal effect on the budgetary requirements of the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

STANLEY R. RESOR, *Secretary of the Army.*

OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, D.C. June 11, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Governmental Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our views on S. 458, a bill: "To provide for periodic Congressional reviews of Federal grants-in-aid to State and to local units of government." and S. 735, a bill: "To provide for periodic review of Federal programs of grant-in-aid assistance to the States."

The Department of Transportation administers several grant-in-aid programs.

The Federal-Aid Airport Program under the Federal Airport Act provides 50 percent matching funds for airport construction.

The Interstate Highway Program provides 90 percent federal funds, plus a bonus to States having large areas of public lands, for the construction of the 41,000-mile system of Interstate and Defense Highways.

The ABC Highway Program provides 50 percent federal money (plus some bonus) for construction of primary, secondary and urban extension highways.

The Highway Beautification Program provides 75 percent federal funds for billboard and junkyard control and 100 percent funding for landscaping and scenic enhancement.

The Highway Safety Program provides up to 50 percent federal money for assistance to States in implementing programs to meet federal highway safety standards.

All of these grant-in-aid programs are now subject to periodic review by legislative committees of Congress. In the case of the Federal-Aid Airport Program, authorizations have been made for from two to five years, lately for three year periods. Thus, every three years the program is reviewed on its merits and in total by the Senate Commerce Committee and the House Interstate and Foreign Commerce Committee. The highway programs, with the exception of the Interstate Highway Program, are subject to biennial review and authorizations are made for two years at a time. And while authorizations for the Interstate Program are made for more than two or three years, the program is subject to Congressional review when the Public Works Committees biennially consider the apportionment formula to be applied in that program. Thus, all of the grant-in-aid programs administered in this Department are subject to more frequent review than the five-year review contemplated in S. 458 and S. 735. Therefore, the underlying purpose of these bills, to assure that grant-in-aid programs not go on indefinitely without a periodic reexamination of their justification, is already well served and in a manner involving a more frequent review than those bills propose.

In addition, the termination of authority to make grants-in-aid at the expiration of five years would seriously restrict even programs with authorizations for under five years. For example, the Federal-Aid Airport Program was last extended in P.L. 89-647, October 13, 1966. The authorization was for FY 1968, 1969 and 1970. These funds are available until expended.

Under the proposed S. 458 as applied to P.L. 89-647, the funds authorized for 1968 would be available only for four years. The funds for 1969 would be available for three years and those for 1970 for two years. The authority to obligate any funds authorized under P.L. 89-647 would expire June 30, 1971, under section 2 of S. 458.

In this connection, funds apportioned among the states pursuant to section 6(a) of the Federal Airport Act remain available for projects in the respective states for two fiscal years. Any funds remaining unobligated at the expiration of the two-year period are added to the Discretionary Fund pursuant to section 6(c), and are then available for projects in all the states. Several of the less populous states are unable to utilize the full amount of funds apportioned to them under the state apportionment formula. The apportioned funds excess to these states' needs, therefore, lie idle and may not be used until the third year after they first become available. Under the five-year limitation as now written in section 2 of S. 458, unused State Apportionment Funds in the 1970 authorization could never be applied for needed projects. Unobligated State Apportioned Funds in the 1969 and 1968 authorizations would be available for needed projects only one year and two years, respectively.

These limitations would seriously limit our ability to carry out the intended purposes of this program.

Accordingly, the Department of Transportation opposes the enactment of legislation providing automatic termination dates for grant-in-aid programs generally.

The Bureau of the Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report for the consideration of the Committee.

Sincerely,

JOHN L. SWEENEY,
Assistant Secretary for Public Affairs.

AGENCY REPORTS ON S. 2981

OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, D.C., March 1, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department concerning S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

Essentially the proposal would increase joint funding and simplify the administration of grants and contracts where programs or projects are funded from

two or more appropriations. The proposal delineates the scope, authority, requirements, and procedures to be used when joint funding is undertaken.

This Department believes the proposal, which is an Administration bill, will facilitate and encourage the integrated development and execution of program proposals. We think this is a highly desirable result. Since the effective objectives of Government supported programs are multiple, the achievement of these objectives require the simultaneous and integrated implementation of a number of projects.

The three principal programs of this Department that could be operated under this new authority are the Federal-aid to Airports, the Federal-aid to Highways, and the State and Community Safety grants.

The FAA now cooperates, in providing airports, with the Economic Development Administration, Department of Commerce; the Department of Defense; and the National Park Service, Department of the Interior. In addition, the airport grant-in-aid projects might be coordinated with urban renewal projects, mass transit projects, open-space grants, metropolitan planning grants, and with the Department's highway program.

Similarly, the Federal-aid to highways and the State and Community Safety grant programs might, with the assistance of this bill, be utilized more frequently in a coordinated fashion with the grant-in-aid programs of other departments. The multiple impact of joint planning and execution will be much greater if the project is originated and completed in tandem or multiples wherever this is possible. A transportation system is a complex of many items, and a more complementary installation of those items would lead to greater efficiency.

We assume that the language in section 8 is sufficient in its requirement that an expenditure not be inconsistent with other Federal laws, to prevent the expenditure of money transferred from the airport grant-in-aid program or the highway trust fund for other than airport or highway projects respectively. The problem of segregation of the Highway Trust Fund is particularly important since that fund is financed through highway user taxes and has been specifically held by Congress to be available only for that purpose.

Subject to these comments the Department of Transportation favors the enactment of this legislation.

The Bureau of the Budget has advised that enactment of this legislation would be in accord with the President's program.

Sincerely yours,

JOHN L. SWEENEY,
Assistant Secretary for Public Affairs.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., March 4, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for comments of this agency on S. 2981, 90th Congress, a bill, "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

In my capacity as the President's liaison with the Governors, I have a direct interest in this bill, and I recommend that it be enacted at an early date.

The Bureau of the Budget advises that it has no objection to the submission of this report, and that enactment of this bill would be in accord with the President's program.

Sincerely,

MORDECAI M. MEEKER
(For Price Daniel, Director).

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 5, 1968.

HON. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of February 20, 1968, requesting the views of the Bureau of the Budget on S. 2981, the "Joint Funding Simplification Act of 1968."

S. 2981 was developed in response to the President's request—in his March 17 Message on the Quality of American Government—for legislation that would make it possible "... for Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures—without disturbing, however, the separate authorizations, appropriations, and substantive requirements for each grant-in-aid program."

Separate Federal assistance programs should be amenable to joint utilization in single projects within which the several programs are melded to achieve mutual objectives. Such combinations of related programs would enable State and local governments and other grantees to use the wide variety of Federal assistance programs more effectively and efficiently.

However, such combinations cannot be "packaged" and administered easily under existing laws and regulations. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, etc. Further, the grantees must often work with several Federal agencies (or constituent elements of a single agency)—each with its own distinct administrative practices. As a result, considerable effort is required and significant delays are encountered.

The purpose of S. 2981 is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation. The bill would enable State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support of multi-purpose projects. Under the bill:

Federal agency heads would be authorized to establish uniform requirements respecting technical or administrative provisions of law so that jointly funded projects would not have to be subject to varying or conflicting rules or procedures;

In appropriate cases, Federal agencies would have authority to delegate to other agencies power to approve portions of projects on their behalf;

Federal agency heads could establish joint management funds in their agencies to finance multi-purpose projects drawing upon appropriations from several different accounts;

The President would prescribe appropriate regulations for, and approve agency delegations of power and functions under the bill. He would make reports to the Congress on actions taken, and make recommendations for additional legislative action, including proposals for consolidation, simplification or coordination of grant programs.

The authority contained in the bill would expire after three years.

The Joint Funding Simplification Act of 1968 would not affect substantive provisions of law relating to Federal assistance programs such as eligibility criteria, maintenance of effort, matching ratios, authorization levels, program availability, etc. Problems presented by the diversity in such provisions as these would be studied in connection with proposals for grant consolidation which the President also requested the Director of the Bureau of the Budget to explore in the Message on the Quality of American Government. That effort is now underway. Experience gained under the Joint Funding Simplification Act will be of great assistance in the development of a workable grant consolidation program.

Accordingly, the Bureau of the Budget recommends enactment of S. 2981.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., March 6, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 2981, "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The proposed legislation is designed to implement the recommendations of the President to provide for the simplification of Federal assistance programs contained in his March 17, 1967 message on the Quality of American Government. The bill would provide authorities for the establishment of uniform technical or administrative requirements, the delegation of powers and responsibilities, and the establishment of joint management funds with respect to projects assisted under more than one Federal assistance program. The authorities would expire after three years. Federal assistance programs would be defined to include loan, loan guarantee, and loan insurance as well as grant programs.

For some time the Department has been encouraging the use of letters of credit for a wide range of domestic and international grant programs to achieve better cash management. The proposed legislation, by consolidating funds from several appropriations, would reduce the number of letters of credit for all grant programs, thereby simplifying funding procedures for the grantee, the agencies, the Treasury, and the Federal Reserve banks. It may achieve further benefits if relatively small grants now paid by check are brought under the letter-of-credit method by virtue of the pooling arrangements.

Consequently, the Treasury supports the objective of the bill.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your Committee and that enactment of the proposed legislation would be in accord with the program of the President.

Sincerely yours,

FRED B. SMITH, *General Counsel.*

THE POSTMASTER GENERAL,
Washington, D.C., March 8, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This Department has been requested to report on S. 2981, a bill "to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The purpose of the bill is to enable States, local governments, and other public or private organizations to use Federal assistance more effectively and efficiently. Subject to regulations to be prescribed by the President the bill would authorize agency heads to cooperate in the identification of programs, development of guidelines, review of program requirements, establishment of common rules, and creation of common application processing and project supervision procedures. The bill would also require Federal agencies to assure that, in the processing of applications, reviews and approvals are expeditious, questions of timing affecting feasibility are considered, the number of Federal representatives involved is kept to a minimum, decisions on applications are communicated promptly to applicants, and applicants are not required by one agency to obtain assurance of the requirements of another agency where such requirements could better be determined through direct interagency communication.

Since the Post Office Department does not administer any Federal assistance programs, the bill would have no effect on the Department. Accordingly, we have no recommendations concerning the bill.

In advising with respect to H.R. 12631, an identical bill, the Bureau of the Budget has stated that there is no objection to the submission of that report to the Committee.

Sincerely yours,

LAWRENCE F. O'BRIEN.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, March 14, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your letter of February 20, 1968 requesting a report on S. 2981, the "Joint Funding Simplification Act of 1968."

This bill creates authority which will constitute a first and important step in the simplification of grant-in-aid programs. Permitting substantive authority to be delegated from one agency to another, permitting the waiving of technical and administrative requirements and permitting the establishment of uniform matching requirements and single accounting procedures are valuable simplifications of administrative and financial procedures. The Department of Labor therefore strongly supports the bill.

The President recognized last year in his message on The Quality of American Government that simplification of procedures is but one part of the problem of bringing order out of the confusing multiplicity of grant-in-aid programs. The President in his Message described program simplification as even more fundamental than the simplification of procedure, and directed a broad study of this problem and development of solutions. Program simplification—as distinguished from procedural simplification—will require the consolidation of specific pieces of legislation into broad program legislation accompanied by single appropriations without categorical dollar limitations. This bill is a necessary first step in achieving this broader objective.

The Bureau of the Budget advises that there is no objection to the submission of this report and enactment of S. 2981 would be in accord with the President's program.

Sincerely,

WILLARD WIRTZ, *Secretary of Labor.*

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, March 15, 1968.

Hon. JOHN J. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 2981, a bill "to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The bill proposes that heads of Federal agencies be authorized to:

1. Identify related programs appropriate for providing joint support for specific kinds of projects;
2. Develop and promulgate guidelines and materials to assist in the planning and development of projects drawing support from different programs;
3. Identify administratively established program requirements which may impede joint support of projects and make modifications as appropriate;
4. Establish common and technical rules among related programs; and
5. Create joint project application procedures and projects supervision procedures.

The head of each agency would be responsible for taking actions to the maximum extent possible under applicable law which would further the purpose of the act with respect to programs administered by this agency. Each Federal agency head would also consult and cooperate with heads of other Federal agencies to promote the purposes of this act.

Actions taken by Federal agencies pursuant to this act relating to the processing of applications must be designed to assure:

- That required reviews and approvals are handled expeditiously;
- That full account be taken of special considerations of timing made known by the applicant that affect the feasibility of the project;
- That the applicant be required to deal with a minimum number of Federal representatives, acting separately or as a board or panel;

That applicants be promptly informed as to decisions for or against applications; and

That applicants not be required by any one Federal agency to obtain information or assurances regarding another Federal agency which could better be secured directly.

Where appropriate, to further the purposes of this act, heads of agencies may use the authorities included in the act to establish uniform technical or administrative requirements, to delegate powers and responsibilities, and to establish joint management funds.

The act provides that (a) appropriations available to any Federal assistance program for technical assistance or training may be used to provide technical assistance or training in connection with projects approved for joint funding involving that program and any other Federal assistance program; and (b) personnel of any Federal agency may be detailed from time to time to other agencies as appropriate to facilitate the processing of applications under this act or the administration of approved projects.

Subject to such regulations as the President may prescribe, Federal agencies may enter into agreements with States or State agencies, as appropriate, to extend the benefits of this act to projects involving assistance from one or more Federal agency and one or more State agency.

The act provides that in addition to powers and authorities otherwise conferred upon him by the act or other law, the President may take such action and prescribe such procedures as may be necessary or appropriate to assure that the act is applied by all Federal agencies in a consistent manner and in accordance with its purpose.

The Department strongly recommends enactment of this bill.

In his March 21, 1967, Message to the Congress, containing recommendations to improve the quality of government, the President recommended general legislation that would authorize Federal agencies to simplify the financial and administrative procedures without disturbing the separate authorizations, appropriations, and substantive requirements for each grant-in-aid program. This legislation broadens this concept to include all Federal assistance, including loans, grants and technical assistance.

We are presently implementing these concepts in three specific areas: (1) coordination of functional planning covering multi-jurisdictional areas; (2) coordination of assistance in metropolitan areas; and (3) specific procedures for consultation with heads of State and local government.

It is this Department's position that the proposed bill will strengthen these efforts by providing needed authority to develop more direct lines of communication with State and local governments and reduce confusion and delay in evaluating and funding programs of local assistance.

We believe this bill will enable substantially increased inter-Departmental level cooperation at the Federal level. This is a key factor to a more effective and efficient relationship with State and local governments, a goal to which we strongly subscribe.

The bill clearly states that the authorities it contains be exercised only pursuant to regulations prescribed by the President. We believe it to be consistent with the President's and our own efforts to improve the effectiveness of the programs administered by this Department.

The Bureau of the Budget advises that there is no objection to the presentation of this report, and that enactment of S. 2981 would be in accord with the President's program.

Sincerely yours,

ORVILLE L. FREEMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF SCIENCE AND TECHNOLOGY,
Washington, March 18, 1968.

HON. JOHN L. MCCLELLAN,
Chairman, Senate Government Operations Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR MCCLELLAN: This is in response to your request for comment on S. 2981, "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of these projects, and for other purposes."

The purposes of this bill are highly desirable and in accord with the President's program for consolidation of grant-in-aid programs as expressed in his March 17, 1967, message to Congress on "The Quality of American Government." I am therefore happy to endorse the bill.

The regulations implementing the bill will have to be developed carefully to assure that undue or inappropriate restrictions on educational or research grants do not result. There are, of course, good reasons for variation in the extent of controls and restrictions imposed in the administration of assistance programs which are directed at differing purposes.

I do not anticipate that any serious problems of this nature will arise, and hope that the Congress will see fit to enact this measure.

Sincerely,

DONALD F. HORNIG, *Director.*

CIVIL AERONAUTICS BOARD,
Washington, D.C., March 20, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of February 20, 1968, requesting the Board's views on S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

One of the purposes of the bill, as stated therein, is to enable States, local governments, and other public or private organizations and agencies to use Federal assistance more effectively and efficiently.

Although the Board provides subsidy assistance to certain air carriers, it does not administer any programs of Federal assistance to State and local governments or other public or private agencies. The Board does not, therefore, have any comments to offer with respect to the bill.

Sincerely,

JOHN H. CROOKER, Jr., *Chairman.*

OFFICE OF ECONOMIC OPPORTUNITY,
Washington, D.C., March 22, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for requesting our views on S. 2981, the "Joint Funding Simplification Act of 1968".

The Office of Economic Opportunity strongly favors the enactment of this legislation which carries out the President's commitment in his Message of March 17, 1967, on "The Quality of American Government" to submit to the Congress necessary legislation to simplify our grant-in-aid procedures.

Today there are some 459 Federal domestic assistance programs of which more than 200 are grant-in-aid programs providing financial assistance to State and local governments, private organizations, and individuals. These programs are administered through 25 Federal agencies.

With such a large number of programs in existence, the task of ascertaining what assistance is available for various purposes is in itself a most difficult one. Recognizing that the success of the War on Poverty would to a great extent depend on eligible recipients knowing of the availability of assistance under various laws, the Congress, in enacting the original Economic Opportunity Act of 1964, required this agency to establish an Information Center to insure that information concerning programs related to the Act's purposes is made "readily available in one place to public officials and other interested persons." Two years ago the Congress broadened this mandate by requiring that the Director "publish and maintain on a current basis, a catalog of Federal programs relating to individual and community improvement." On July 1, 1967, the second edition of OEO's "Catalog of Federal Assistance Programs" was published, including in its contents an explanation of the nature and purpose of all current grant-in-aid programs, descriptions of their major eligibility requirements, information concerning places to apply, and lists of available printed materials.

As helpful as this service has proved to be, it still does not resolve the many problems involved when a small community, for example, seeks to put together a "package" of Federal assistance drawn from several sources. Such an applicant must go through the laborious process of filling out widely differing, sometimes complex, application forms and must meet the diverse procedural and other special requirements of the 25 Federal agencies administering grant-in-aid programs. We believe that the simplification of procedures for grant application, administration and financial accounting provided for in this bill would go far toward alleviating these problems and should be enacted into law. It should be noted, in this connection, that the Congress has previously approved the use of joint funding in its enactment of the Economic Opportunity Amendments of 1967. The Amendments add a new section 612 to the Economic Opportunity Act authorizing joint Federal agency funding of programs whereby any one Federal agency may be designated to act for all in administering funds advanced to a community action or other agency assisted under the Act.

The Bureau of the Budget has advised that there is no objection to the submission of this report and that enactment of S. 2981 would be in accord with the program of the President.

Sincerely,

BERTRAND M. HARDING
(For Sargent Shriver, Director).

DEPARTMENT OF THE ARMY,
Washington, D.C., March 26, 1968.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 2981, 90th Congress, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes". The Secretary of Defense has delegated to the Department of the Army the responsibility for expressing the views of the Department of Defense on this bill.

The purpose of the bill is to set up procedures under which more effective use of funds may be made by States, local governments, and other public or private agencies receiving Federal assistance for a project from more than one Federal program, or one or more Federal and one or more State programs. It is designed to encourage Federal-State arrangements under which local governments and other public or private agencies may more effectively combine State and Federal resources in support of projects of common interest to the agencies concerned. Under the bill each Federal agency head would be required to review its programs and identify those appropriate for joint support, as well as establishing guidelines, model projects, and forms to assist in developing such joint projects. Federal agency actions would be designed to assure expeditious handling of reviews and approvals, dealing with a minimum number of Federal representatives, consideration of timing problems affecting feasibility of a joint project, and prompt notification of decisions.

The bill would require the establishment of uniform technical or administrative requirements for federally assisted projects, to eliminate unnecessary burdens on local agencies as to accounting, reporting, auditing, contracting, personnel systems, and accountability for property and structures. To permit better administration of funds drawn from more than one Federal program or appropriation, the bill would authorize establishment of joint management funds into which would be deposited the amounts from various sources financing the project, with payments to grantees being made from the management fund. Proper provision would be made for disposition of excess amounts in such funds, and the keeping of appropriate records by recipients, with audit powers vested in the Comptroller General. Appropriations available for technical assistance or training of personnel would be made available for such purposes in projects approved for joint or common funding, and detailing of Federal personnel to other agencies to administer the programs would be authorized. The bill would permit the completion of agreements with States or State agencies to extend the provisions of the bill to projects involving assistance from one or more Federal agencies and one or more State agencies.

Section 12 of S. 2981 defines "Federal assistance programs" as programs which provide assistance through grant or contractual arrangements, including technical assistance programs or programs providing assistance in the form of loans, loan guarantees, or insurance. It also defines "project" as any undertaking, however characterized and whether of a temporary or continuing nature, which includes components proposed or approved for assistance under more than one Federal program, or one or more Federal and one or more State programs, if each of those components contributes materially to the accomplishment of a single purpose or closely related purposes. While the Department of Defense, particularly the Office of Civil Defense, is engaged in some assistance activities which might fall within the scope of the relevant definitions, the Department is not extensively engaged in the type of assistance programs apparently contemplated under the provisions of the bill. Accordingly, this department defers to the views of Federal agencies which are more affected by S. 2981.

The enactment of this legislation will cause no apparent increase in the budgetary requirements for the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely yours,

DAVID E. MCGIFFERT,
Acting Secretary of the Army.

DEPARTMENT OF STATE,
Washington, D.C., March 27, 1968.

Hon. JOHN L. McCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: The Secretary has asked me to reply to your letter of February 20, 1968 concerning S. 2981, a bill to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes.

S. 2981 would increase joint funding and simplify the administration of grants and contracts where programs or projects are funded from two or more appropriations. The proposed bill delineates the scope, authority, requirements, and procedures to be used when joint funding is undertaken. In some cases of grants under our cultural affairs programs, joint funding may prove to be appropriate. Accordingly, the Department of State recommends enactment of S. 2981.

The Bureau of the Budget advises that there is no objection to the submission of this report and that enactment of S. 2981 would be in accord with the President's program.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary for Congressional Relations.

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., March 27, 1968.

Subject: S. 2981, 90th Congress (Sen. McClellan).

Hon. JOHN L. McCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department on S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

This measure, to be cited as the "Joint Simplification Funding Act of 1967," would authorize Federal agencies over a three year period to take various actions designed to promote coordination of financial assistance which is drawn from several Federal, or Federal and State sources and used for support of

a single project. Subject to Presidential regulation, Federal agencies could identify programs suitable for joint funding, review and modify administratively established program requirements which impede joint funding, and set up common application and supervision procedures including procedures to designate lead agencies.

Also, with the approval of the President, a Federal agency could delegate to other Federal agencies powers relating to the approval and supervision of projects or classes of projects under a joint program. The bill further provides for joint management funds with accounting procedures structured as though the assistance were received from a single agency, and for establishment, pursuant to Presidential regulations, of common technical or administrative standards where necessary to avoid subjecting a project to requirements based on inconsistent or conflicting provisions of law. In addition, arrangements similar in many respects to those authorized among Federal agencies could be included between Federal and State agencies where appropriate to facilitate projects involving assistance from both Federal and State sources.

The Department supports S. 2981. In our view it will encourage needed cooperation and innovation in program development at the State and local level. It should contribute substantially to efforts to improve coordination among Federal programs, help make those programs more responsive to State and local needs, and assist in eliminating unnecessary administrative burdens and paper work that may now be involved in developing and carrying out projects drawing upon more than one source of assistance.

At present, even a community or agency with considerable capacity for complex project planning may hesitate to undertake development of a project involving a novel combination or use of assistance from several Federal or Federal and State sources. Such a project may encounter significant delays, while the individual applications for each component of the project are processed by the responsible agencies pursuant to the frequently different technical requirements and priorities of each agency. Because of such delays, the project may have to be abandoned or substantially modified after a good deal of time and effort has been invested. Once approved, the terms and conditions prescribed by each agency for its component of the project may differ to such a degree as to make effective and efficient local administration quite difficult.

In the case of rural or smaller communities the problems are, of course, even more difficult. There, too often, even a relatively simple effort at combining assistance from different sources is likely to be considered too burdensome, assuming that the opportunity for using such a combination in meeting local problems is seen and appreciated.

We think that the bill would encourage communities to make much greater use of their capacity for structuring projects to meet local needs as they see them. In the case of States and larger communities, we would hope this might include a good deal of innovative effort to make more effective use of a variety of programs in dealing with relatively complex problems. Smaller communities may not be able to do so much on their own. But they can be helped to take advantage of the bill through technical assistance, including technical assistance through State agencies funded under title IX of the Demonstration Cities and Metropolitan Development Act of 1966. Further, small communities could benefit greatly from the opportunity which the bill would afford to Federal and State agencies for designing standard program packages or combinations tailored to meet needs or problems known to be common to a number of communities.

There are, we believe, many cases in which programs of this Department might be effectively employed in connection with projects developed under the bill. The bill could, for example, be employed to simplify the securing or administration of assistance in connection with the wide variety of projects that might be included within a Model Cities program. It could be used by applicants seeking to design air pollution or water pollution projects which might involve public facilities programs of this Department and programs of the Department of Health, Education, and Welfare and the Economic Development Administration. It might be used in connection with neighborhood conservation or improvement projects that combine, for example, code enforcement and rehabilitation loan and grant assistance from this Department together with such things as funds from the Department of Labor to assist in training of residents to do some of the work involved or funds to expand a legal services program capable of providing tenants with legal advice and assistance relating to code enforcement activities.

It may, however, be worth noting that the bill may be less important in terms of combinations which the Federal agencies themselves now see as feasible or possible than in connection with combinations that might be seen as desirable by State or local agencies. One of the advantages of the bill is that it should make it easier for State and local agencies to exercise influence on the ways in which Federal agencies view their own programs and the relationships among them. The Federal agencies, in short, may have as much to learn as to teach when it comes to the imaginative and effective use of their programs in dealing with the wide range of needs and problems which exist at the State and local level. To the extent that this is so, and to the extent that the bill contributes to the learning process, it ought to provide the Federal government with a good deal of information relevant to its own organization and coordination decisions.

We would recommend two technical amendments to S. 2981. On page 7, line 24 of the bill, the word "upon" should be placed after "(1)". On page 2, line 19, the requirement might better be described by the word "action" instead of the word "order". We make this latter recommendation because there are circumstances in which a formal Agency order might not be necessary to effect a desirable result.

We have been informed by the Bureau of the Budget that the enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

ROBERT C. WEAVER.

OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., March 28, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Government Operations Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 2981, the "Joint Funding Simplification Act of 1968."

The purpose of the bill is to enable states and public or private organizations and agencies to obtain more effectively and efficiently the use of resources available to them from more than one federal agency, and to combine state and federal resources in support of projects of common interest. To effect these purposes the bill would authorize agency heads to adopt uniform provisions respecting certain statutory requirements, to provide for the delegation of certain powers and responsibilities and to provide for the establishment of joint management funds under conditions prescribed. Federal agencies would be authorized to enter into agreements with states or state agencies as appropriate to extend the benefits of the act.

The proposed bill is an important step in implementing the President's request, in his 1967 message on "The Quality of American Government", for a workable plan for grant simplification. The Department of Justice recommends enactment of S. 2981.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

WARREN CHRISTOPHER, *Deputy Attorney General.*

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., March 29, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR SENATOR McCLELLAN: The Atomic Energy Commission is pleased to reply to your letter of February 20, 1968, which asked for our views on S. 2981, "a Bill to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

Except for two minor changes,* S. 2981 appears to be identical with H.R. 12631 which was introduced in the House on August 28, 1967.

*Section 3(a) (page 2, lines 16-17) and Section 3(a) (4) (page 3, line 12).

The proposed legislation is designed to help simplify and coordinate Federal assistance programs, jointly funded by two or more agencies, in support of projects conducted by local governments and other public or private organizations and agencies. For this purpose, Federal agencies would be authorized to take various appropriate measures through internal orders or interagency agreements.

AEC has had considerable experience with jointly funded projects, a noteworthy example of which is our current joint program with the Office of Saline Water of the Department of Interior for participation in a large nuclear-desalting project to be carried out by the Metropolitan Water District of Southern California and private and public utility entities in Southern California. To the full extent of applicable law, we have had occasion usefully to employ various measures similar to those provided for in S. 2981.

Accordingly, the Commission is in favor of legislation such as S. 2981 which could serve to provide additional authority to facilitate useful joint measures to aid in the administration of jointly funded projects.

The Bureau of the Budget has advised that there is no objection to the presentation of this report and that enactment of S. 2981 would be in accord with the President's program.

Sincerely yours,

R. E. HOLLINGSWORTH,
General Manager.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., May 4, 1968.

Hon. JOHN L. McCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reference to your request of February 19, 1968, for our views on S. 2981, the proposed "Joint Funding Simplification Act of 1968."

We fully support the general objective of simplifying and improving the administration of related grant-in-aid programs. Today's large number of individual grant-in-aid programs, each with its own set of complex special requirements, separate authorizations and appropriations, cost sharing ratios, allocation formulas, and financial procedures, makes it increasingly difficult to manage and administer those programs in a comprehensive or efficient manner.

It is our opinion that there is presently much, in the way of coordinating and standardizing current Federal grant-in-aid programs, which could be done on an administrative level without additional legislation. But, if administering grant programs on a consolidated basis is desirable, we believe that the real key to significantly improved administration lies in the legislative consolidation of programs into broader categories of assistance, and the placement of like programs in a single agency, rather than establishing an administrative apparatus to deal with continuing proliferation of single narrow purpose programs.

The bill S. 2981, although limited to three years, would permit the inauguration of the program on a Government-wide basis without provision for going through an experimental and testing period. We would prefer first having a limited application to eliminate any problem areas prior to full-scale implementation.

If legislation is enacted we believe that it should be carefully and gradually implemented under the required Presidential guidelines with provision for thorough evaluations of results achieved, and that a specific provision should be included in the legislation for limiting its application to geographical areas or perhaps to programs. Our concern is that there could exist pressures which might force too rapid an adoption of untested concepts and procedures, and make difficult the reversal of procedures found to be unworkable.

We understand also that it is contemplated that further recommendations will be made by the Executive Branch with respect to the consolidation of existing categorical grants. A determination as to the extent to which this could be accomplished, with appropriate recommendations, should be made in advance of any extension of the legislation.

We would indorse legislation limited in its application as indicated above. This would not only serve to more specifically delineate the advisability of full implementation of the proposals, but would also provide valuable information relating to programs which might be more efficiently administered if consolidated

as contemplated by title VI of S. 698, title VI of H.R. 5770, title III of H.R. 8194, and similar bills now pending in the Congress.

With respect to specific provisions of the bill, section 8 authorizes the establishment of joint management funds to account for projects financed from more than one Federal program or appropriation with any excess funds therein being returned to the participating Federal agencies in accordance with a formula mutually acceptable as providing an equitable distribution, and for effecting returns accordingly to the applicable appropriations. Consideration should be given to the extent to which this procedure might reduce congressional control over the appropriations for the individual programs. Also, section 9(a) would have the effect of permitting any appropriation that is available for training or technical assistance purposes to be used for any other Federal assistance program that becomes involved in joint funding, although the latter program may not have funds approved for training and technical assistance purposes. This could result in significant amounts of training and technical assistance funds being used for purposes beyond those for which they were originally authorized and appropriated.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., May 16, 1968.

HON. JOHN L. MCCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate.*

DEAR MR. CHAIRMAN: This letter is in response to your request of February 20, 1968, for a report on S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The proposed joint funding simplification bill offers a basis for needed improvement in our methods of supporting activities which cut across program and agency lines. Our Department continues to strive toward improving and simplifying our support mechanisms. We believe that S. 2981 will make a significant contribution to our pursuit of this goal by permitting a simplified, better coordinated and more expeditious review, approval and post award administration of jointly funded projects.

Specifically Section 6(b), provides an important new means by which Federal agency heads may arrange for joint review of proposals by a single panel, board, or committee in lieu of separate reviews. Moreover, Section 6(c) authorizes the waiver, in certain circumstances, of single state agency requirements, thereby permitting a more responsive and effective use of aid funds in meeting State, local, and other grantee needs and affording States needed flexibility in recognition of the comprehensive nature of some of our new programs.

In authorizing the establishment of joint management funds, the accounting and administration will be streamlined and simplified both for recipient institutions and awarding agencies. In addition, the establishment of uniform administrative and technical requirements encouraged by Section 6(a) will go far in reducing the administrative complexities which often stand in the way of responsive program administration.

In summary this Department strongly endorses the concepts of grant simplification reflected in the proposed bill, and we feel that the temporary authority requested in S. 2981 will permit an application of these concepts to help solve the mounting problems associated with the increasing complexity of Federal aid administration.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report and that enactment of this legislative proposal would be in accord with the Administration's program.

Sincerely,

WILBUR J. COHEN, *Secretary.*

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 12, 1968.

HON. JOHN L. McCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This will respond to your request for a report from the Veterans Administration on S. 2981, 90th Congress, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The purpose of this bill is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval, and administration of projects which draw upon resources available from more than one Federal agency, program, or appropriation. This would enable State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support or multi-purpose projects.

The impact of this legislation on Veterans Administration programs would appear to be slight. However, we believe that the bill would have a beneficial effect on the administration of grants-in-aid programs by other Federal agencies and would be of great assistance to State and local governments and other public and private agencies. For these reasons we would have no objection to the favorable consideration of S. 2981 by your Committee.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report to your Committee, and that enactment of this legislation would be in accord with the program of the President.

Sincerely,

W. J. DRIVER, *Administrator.*

Senator MUSKIE. Our witness this morning is Mr. Phillip S. Hughes, Deputy Director, Bureau of the Budget.
Why don't you proceed?

**TESTIMONY OF PHILLIP S. HUGHES, DEPUTY DIRECTOR, BUREAU
OF THE BUDGET; ACCOMPANIED BY JAMES M. FREY, DEPUTY
DIRECTOR, OFFICE OF LEGISLATIVE REFERENCE**

Mr. HUGHES. Thank you, Mr. Chairman.

We are very pleased to be here, and we share your hope that the people in the room, even though they may find the subject matter complex, will not find it too dry. We agree with you that it is the substance of governmental problems and of intergovernmental relations. Since these are complex, the legislation dealing with these problems is correspondingly complex.

We hope, too, that our testimony is no more incomprehensible than complexity of the subject matter requires. We will try in the statement to deal with the substantive issues and essential questions and will be pleased to work with you and the staff on the "fine print" of amendments and of the details of changes or amendments which prove desirable.

Senator MUSKIE. Thank you very much.

Mr. HUGHES. Mr. Chairman and members of the committee, we are here to discuss S. 698, the Intergovernmental Cooperation Act, which was introduced by the chairman of the subcommittee, and other related measures which have as their purpose the enhancement of our system of federalism and the improvement of the quality of American Government.

The purpose of S. 698 is to make more workable the machinery of our Government through achieving the fullest possible cooperation and coordination of activities at the Federal, State, and local levels in, as the bill phrases it, "an increasingly complex society."

To achieve this purpose the bill as introduced is designed to: (a) improve the administration of grants-in-aid to the States, title II; (b) permit provision of reimbursable technical services by the Federal Government to State and local governments, title III; (c) establish coordinated intergovernmental policy and administration of grants and loans for urban development, title IV; (d) Title V, provide for periodic congressional review of grant-in-aid programs; (e) title VI, authorize the consolidation of certain grant programs; (f) title VII, provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs; (g) title VIII, establish a uniform relocation assistance program, and (h) title IX, establish a uniform land acquisition policy for direct Federal and federally aided programs.

Finally, the measure as recently amended by Senator Muskie would aim at improving the accounting, auditing, and financial reporting requirements associated with Federal assistance funds.

The present legislation before this subcommittee is the direct lineal descendant of previous congressional consideration over the last several years of intergovernmental cooperation acts, all of which have been sponsored by the chairman of this subcommittee.

Last year the Advisory Commission on Intergovernmental Relations requested our assistance in developing an intergovernmental cooperation act. After discussions with the various affected Federal agencies and with the Advisory Commission, agreement was reached on a measure transmitted by the ACIR containing five titles which are identical or substantially similar to corresponding titles of S. 698.

My testimony today will also take into account this measure as it relates to the relevant titles of S. 698.

Previous Bureau testimony in 1965 and 1966 emphasized the growing importance of cooperative federalism reflected in the significant enlargement of Federal aid to State and local governments to deal with problems of national concern.

In the fiscal year 1969, the total of Federal grant programs dealing with national goals in a joint endeavor by Federal, State, and local units of government will exceed \$20 billion. In that fiscal period, such Federal financial assistance to State and local governments under existing and proposed programs will total an estimated \$20.3 billion, of which there will be net expenditures of \$15.5 billion from regular budget accounts and \$4.8 billion from the highway and unemployment trust funds.

Senator MUSKIE. I would like to ask a question at this point, Mr. Hughes. Do you have any idea of the amount of State and local matching funds which are added to the \$20 billion of Federal funds under these programs?

Mr. HUGHES. We do have estimates, Mr. Chairman. We may have some fairly precise figures. I know we have data on this. I would be very happy to furnish it for the record. I don't believe we have data on the States' share with us.

Senator MUSKIE. I think we have made some rather wild guesses

here, but we see an opportunity to pin this down and I would appreciate getting that.

Mr. HUGHES. We will get the best data that we can.
(The material follows:)

EXCERPT FROM SPECIAL ANALYSES, BUDGET OF THE UNITED STATES, 1969

TABLE K-4.—FEDERAL-AID EXPENDITURES IN RELATION TO TOTAL FEDERAL EXPENDITURES AND TO STATE-LOCAL REVENUE

	Amount (millions)	Federal aid		
		As a percent of—		
		Total Federal expenditures	Domestic Federal expenditures ¹	State-local revenue ²
1958.....	\$4,935	6.1	14.6	12.0
1959.....	6,669	7.4	16.6	14.6
1960.....	7,040	7.8	17.2	13.8
1961.....	7,112	7.4	15.7	13.2
1962.....	7,893	7.5	16.4	13.5
1963.....	8,634	7.7	16.4	13.7
1964.....	10,141	8.6	18.2	14.8
1965.....	10,904	9.3	18.8	14.8
1966.....	12,960	9.9	20.3	15.6
1967.....	15,240	9.9	20.7	16.9
1968 estimate.....	18,362	10.8	21.8	(3)
1969 estimate.....	20,296	11.1	21.6	(3)

¹ Including expenditures for national defense, space, and international affairs and finance.

² Based on compilations published by Governments Division, Bureau of the Census. Excludes State-local revenue from publicly operated utilities, liquor stores, and insurance trust systems.

³ Not available.

Mr. HUGHES. In 10 years, total Federal aid will have more than tripled, rising from \$6.7 billion in 1959 to an anticipated \$20.3 billion in 1969. It is estimated that, in the same decade, State and local expenditures will have more than doubled.

The fastest growing grants are those to advance the war on poverty, to provide decent medical care for the needy, to improve the facilities and services in our urban centers, and to upgrade the elementary and secondary educational opportunities available to children of low-income families. Between 1965 and 1969, grants administered by the Office of Economic Opportunity will show an increase of \$1.3 billion, and those for the new elementary and secondary education program will rise by \$1.4 billion. During the 1967-1969 period alone expenditures for medicaid will grow some \$949 million, and those for housing and community development will rise \$1 billion.

Total aids for metropolitan or urban areas have risen from \$4 billion in 1961 to an estimated \$12 billion in 1969. Thus, Federal aids benefiting urban areas have grown by about \$8 billion—nearly tripling in less than a decade.

Senator MUSKIE. In the budget there is a statement to the effect that Federal spending for poverty programs has risen from \$9.5 billion to something like \$27 billion. Now, I assume that that needs some clarification to be accurate. Are you in a position this morning or could you for the record spell that out?

Mr. HUGHES. I would be glad to do it for the record in more detail, Mr. Chairman.

Generally speaking, the expenditures for poverty that are so classified in the budget document and the related documents are those which are either specifically directed toward the reduction of poverty in the country, or those portions of expenditures for other social programs—perhaps social security is the classic example—which go to people who

are below the poverty level in economic status. But we can furnish considerable detail in support of the data which you referred to, and indicate the derivation of the figures.

Senator MUSKIE. It would be very helpful not only for this record but it would be helpful to those of us who undertake to discuss these issues with the public. I take it that an accurate label would be that these are programs that are directed either to causes or to the effects of poverty.

Mr. HUGHES. That is correct, Mr. Chairman.

Senator MUSKIE. And they include presumably some portions of our education programs, social security programs, housing programs, manpower training programs and so on.

Mr. HUGHES. That is correct.

Senator MUSKIE. We would appreciate that detail.

Mr. HUGHES. We will be glad to provide it.

(The material referred to follows:)

ESTIMATED FEDERAL FUNDS FOR PROGRAMS ASSISTING THE POOR, FISCAL YEARS 1960-69
(Billions of dollars)

Category and program	1960 actual	1961 actual	1963 actual	1964 actual	1966 actual	1967 actual	1968 estimate	1969 estimate
Education:								
HEW—ESEA Act of 1965, title I.....					1.0	1.1	1.2	1.2
Other.....	(1)	(1)	(1)	(1)	.3	.4	.6	.7
OEO—Headstart, Followthrough, et cetera.....					.4	.4	.4	.5
Interior—Indian education.....	0.1	0.1	0.1	0.1	.1	.1	.1	.1
Subtotal.....	.1	.1	.1	.1	1.7	2.0	2.3	2.5
Working and training:								
HEW—Work incentive activities.....						(1)		.1
OEO.....					.6	.8	.8	1.1
Labor—MDTA, et cetera.....	(1)	(1)	(1)	(1)	.2	.2	.3	.4
Subtotal.....	(1)	(1)	(1)	(1)	.8	1.0	1.1	1.6
Health:								
HEW—Health insurance for the aged ²					(1)	1.3	1.7	2.0
Public assistance medical care.....	.2	.2	.4	.5	.7	.9	1.4	1.7
Other.....	.1	.1	.1	.2	.3	.3	.3	.3
VA—Hospital and domiciliary care.....	.3	.3	.4	.3	.4	.5	.6	.6
OEO.....					.1	.1	.1	.2
Subtotal.....	.6	.7	.9	1.0	1.5	3.2	4.1	4.7
Cash benefit payments:								
HEW—OASDI ³	4.0	4.4	5.3	5.8	6.6	6.7	7.9	8.9
Public assistance.....	1.8	1.9	2.3	2.5	2.8	3.0	3.5	3.6
Railroad retirement ³	.4	.3	.3	.3	.4	.3	.4	.4
VA—Compensation and pensions.....	1.6	1.8	2.0	2.0	2.3	2.3	2.4	2.5
Labor—UI ³	.5	1.0	.6	.7	.4	.4	.5	.5
Subtotal.....	8.3	9.5	10.4	11.4	12.5	12.8	14.6	15.9
Other social, welfare, and economic services:								
Agriculture—Food programs.....	.2	.2	.3	.2	.4	.3	.4	.5
Other.....	(1)	.1	.1	.1	.1	.1	.2	.2
Commerce—EDA.....			.1	.1	.2	.2	.2	.2
OEO.....					.5	.3	.4	.5
HEW.....	.1	.1	.1	.2	.2	.4	.4	.5
HUD—Public housing and rent supplements.....	.1	.1	.1	.1	.1	.2	.2	.3
Other.....						(1)	.1	.3
Interior—Services to Indians, et cetera ²	.1	.2	.2	.2	.2	.4	.3	.3
Labor.....	(1)	(1)	(1)	.1	(1)	(1)	(1)	(1)
SBA—Economic opportunity loans.....					(1)	(1)	(1)	(1)
Appalachian program (FAP).....					(1)	.1	.1	.1
Subtotal.....	.5	.6	1.0	.9	1.8	2.0	2.4	2.9
Total.....	9.5	10.9	12.5	13.4	18.3	21.1	24.6	27.7

¹ Less than \$50,000,000.

² Includes some trust funds.

³ All trust funds.

Notes: (1) Total may not add due to rounding. (2) The amounts shown in this table are (1) NOA's for regular budget accounts except where program level is the more meaningful concept, (2) expenditures for trust funds.

NOTE.—The tabulation prepared by the Bureau of the Budget does not encompass all programs which affect the poor, but only those that have special impact on them qua poor. The following are the criteria used in selecting the programs for inclusion in the tabulation.

1. Programs which are aimed at the *poor* in general or at a specific group of the population who are poor (example, Indians) or at a particular region which is considered poor (example, Appalachia). Major programs in this category include:

- Title I of ESEA.
- Economic Opportunity grants.
- Work study.
- Adult basic education.
- Head Start.
- Indian health, education, and welfare.
- Job Corps.
- Work incentive activities.
- Neighborhood Youth Corps.
- Concentrated Employment Program.
- Public assistance.
- Food stamp program.
- Appalachian program.
- Aid to depressed areas and regions.
- Comprehensive health centers.
- Day care centers.
- All other OEO programs.

2. Programs which are aimed principally at *low income* groups of which the poor constitute a significant proportion. Major programs in this category include:

- NDEA student loans.
- Health insurance for the aged.
- Medicaid.
- Veterans disability pensions.
- Veterans survivor pensions.
- Direct distribution and removal of surplus agricultural commodities.
- Minimum wage enforcement.
- Grants for maternal and child health and welfare.
- Low rent public housing.
- Comprehensive city demonstration program.
- 10-year housing program.

3. Programs which are open to *all* regardless of income but which are taken advantage of most by low income groups. Major programs in this category include:

- Vocational education.
- MDTA.
- Selective Service System rejectee program.
- VA hospital, nursing, domiciliary and outpatient care.
- Grants for vocational rehabilitation service.
- Grants for neighborhood facilities.

4. Programs which are open to *all* regardless of income but which contain specific benefits to the poor or to the very low income groups. Major programs in this category include:

- OASDI.
- Railroad retirement program.
- Unemployment insurance.
- Veterans survivor compensation.
- School lunch and special milk programs.
- Rural housing loan program.

Programs in the first category are included in the tabulation mostly at 100%. For the remaining categories only that portion of a program which is estimated to relate to poor beneficiaries is included. It should be emphasized that this tabulation relates to *outlays* of the Federal Government assisting the poor and should not be taken to measure the *benefits* that the poor derive from these programs.

The above criteria are somewhat narrower than those applied to last year's tabulation. All years appearing in the tabulation have been prepared on the basis of the new set of criteria. As an indication of the effect the new criteria have had, for 1969 the difference in the totals would be between \$1 and \$1.5 billion.

Mr. HUGHES. The effective administration of Federal aid programs has received increasing attention in the last several years. The Bureau's concern has been both with the budgetary impact of grant expenditures, and with the means of coordinating the growing number of grant programs as well as devising measures for the more effective management of cooperatively financed Federal programs.

The Bureau of the Budget has consistently supported the purposes of an Intergovernmental Cooperation Act. My testimony will be directed almost entirely toward those portions of S. 698 where significant problems or issues arise.

I intend now to turn to discussion of the individual titles of the bill. Title I deals solely with definitions, and we continue to support title II, designed to improve the administration of grants-in-aid to the States.

We also favor the provisions of title III which would authorize all Federal departments and agencies to provide specialized or technical services on a reimbursable basis to State and local governments. We are fully in accord with the proviso that such services shall include only those which are not reasonably and expeditiously available through ordinary business channels.

Title IV of S. 698, dealing with coordinated intergovernmental policy and administration of grants for urban development, differs slightly in language from the provisions of title IV of the Advisory Commission intergovernmental relations bill. It would be our suggestion here that the provisions of S. 698 be conformed to the Commission's bill.

The Bureau is in accord with the aim of assuring periodic congressional review of Federal grant-in-aid programs, as is provided for in title V, and in S. 458 and S. 735. We doubt, however, either the feasibility or desirability of an arbitrary 5-year termination date for such programs.

Senator MUSKIE. Does it disturb you to be interrupted?

Mr. HUGHES. Not at all, Mr. Chairman. Proceed any way you would like.

Senator MUSKIE. Those questions which might generate an extended discussion I would postpone until the end, but from time to time it is helpful to interrupt with questions on relatively minor points.

First of all, what is your count of grant-in-aid programs now? Our staff uses different figures. I never know which one is firm.

Mr. HUGHES. Mr. Chairman, there are several hundred. I think the count depends on the subclassification and what we decide is the program versus component of a program. It is of the magnitude of 300 or 400.

Senator MUSKIE. I think my staff is now using or did in the opening statement, the figure of over 500. That is 500 authorizations, I believe. It is the Library of Congress figure.

Mr. HUGHES. We would accept Mr. Labovitz as an authority on this subject and we would be pleased to agree in general terms at least with your staff.

(A memorandum on this subject, furnished by Mr. I. M. Labovitz, senior specialist in social welfare, the Library of Congress, follows:)

NUMBER AND SCOPE OF FEDERAL AID AUTHORIZATIONS

Any count of Federal aid programs is necessarily somewhat arbitrary and imprecise—and its preparation is a complicated job, because the authorizations

are diverse and there are difficulties in defining the unit, the "program" or "authorization," that is to be counted. Our last detailed enumeration was prepared two years ago, following publication of the Second Supplement to the Catalog of Federal Aids to State and Local Governments, issued by the Subcommittee on Intergovernmental Relations.

Two years ago, there were authorizations on the statute books for something like 162 programs or groups of closely related programs of Federal aid to State and local governments. When the total of 162 was subdivided to identify separately the formula grants, project grants, loans and loan guarantees, shared revenues, technical assistance, and other types of intergovernmental aid, the list indicated that there was then a gross total of 479 separate authorizations or subcategories of programs. This included instances of multiple classification of the same authorization (in cases where the same provision of law authorized a formula grant and a project grant, or a grant and technical assistance, or a grant and a loan). Subtracting 80 instances of multiple classification, we had a net count of 399 separate authorizations or subcategories at the beginning of 1966.

We do not yet have a comparable up-to-date count—mainly because preparation of the new edition of the Catalog of Federal Aids to State and Local Governments is still in process and the Catalog may not be ready for several months. We hope to compile a new summary when the document is issued. It is clear, nevertheless, that the number of Federal aid authorizations has increased significantly as a result of Congressional enactments in the last two years. By now there are statutory authorizations for perhaps 200 programs or groups of closely related programs, compared with 162 in 1966; and we now have probably 500 or more separate authorizations or subcategories of programs, compared with 399 in 1966.

The earlier enumeration indicated that there were 91 authorizations for apportioned formula grants and 226 for project grants. In 1968, the number of apportioned formula grants is surely above 100, and the number of project grants probably has approached or passed 300. All these authorizations are for specific categorical programs—but the scope of the categories varies greatly. Examples of this diversity are the broad authorizations for large grants for highway construction; the subdivided and complex authorizations for large public assistance grants; the new broadened category of partnership-for-health grants; and dozens of specialized programs, each providing relatively small sums for selected projects in narrowly defined fields.

Senator MUSKIE. It is my impression that more and more of these programs, especially the new ones, have termination dates now.

Mr. HUGHES. That is correct, some of them quite short.

Senator MUSKIE. They could not exceed 5 years and many of them are less than that.

Mr. HUGHES. That is correct.

Senator MUSKIE. If we could get in the record some documentation on that point, this might become a moot point.

Mr. HUGHES. Perhaps so, Mr. Chairman. I think our concern is with any fixed figure, simply because the circumstances under which programs arise and the corresponding circumstances under which they should be reexamined seem to us to differ widely from case to case. We certainly support the concept of periodic review of grant programs and feel that this should be a continuing part of both the legislative and the executive process.

Senator MUSKIE. I think I will withhold any further questions on this. Do you think you can get us any idea of how many programs or what proportion of them have termination dates of 5 years or less?

Mr. HUGHES. The count is not a difficult thing. The definitions that lead up to the count must be spelled out fairly carefully, but the count itself is feasible. The tabulation of expiration dates should be possible, and we would be pleased to work with your staff and with Mr. Labovitz and get some data for the record.

(A table showing Federal grants-in-aid to State and local governments, with limitations of authorization in programs enacted since

1961, was submitted as part of the testimony of the Advisory Commission on Intergovernmental Relations, and appears on pages 158-162.)

Mr. HUGHES. Also we wish to reaffirm our earlier views that the Congress itself should conduct the periodic reviews. We believe that periodic review of grant programs by the Comptroller General or other bodies could not be as effective or serve the same purpose as a review by the relevant congressional committee, and that any review of grant programs should be initially limited to new programs.

Title VI of the bill would authorize the President to follow a procedure based on the Reorganization Act of 1949 to consolidate grant-in-aid programs. Thus, it attempts to deal with one of the most significant problems effecting intergovernmental relations—the multiplicity of narrow categorical grants.

Under title VI, the President would be authorized to prepare plans to consolidate individual grant-in-aid programs within the same functional area when he finds consolidation to be desirable or necessary. Each plan could provide for a single consolidation and would have to place responsibility in a single agency and specify the grant formulas for the consolidated program. Such plans, like reorganization plans, would be transmitted to the Congress by the President. Congressional action would be governed by a procedure similar to that under the reorganization statute, except that the Congress would have 90 days to reject grant consolidation plans rather than the 60 days provided for disapproval of a reorganization plan.

If title VI is narrowly interpreted, it adds very little to the authority which the President already has under the reorganization statute and might conceivably be construed as a limitation on that authority. Under the reorganization statute, the President has the authority to propose plans which may transfer functions involving any number of grant-in-aid programs. For example, reorganization plan No. 2 of 1968 transfers authority for a series of urban mass transportation grant programs from the Department of Housing and Urban Development to the Department of Transportation. Under title VI each plan may deal with “only one consolidation of individual grant programs,” and that must be within the same functional area.

Section 602(a) (2) of title VI appears to be the only specific addition to the President’s existing authority. It states that each grant consolidation plan “shall specify in detail the formula or formulas for the making of grants under the consolidated program * * *.” If that language is intended to authorize the President to include changes in matching and apportionment formulas in a grant consolidation plan, it goes beyond the authority contained in the reorganization statute. However, that authority by itself may not be useful since program consolidation would generally also require changes in eligibility, planning, and other requirements as well.

In addition, we believe the committee should carefully consider the use of the type of procedure set forth in title VI to deal with matters which go beyond questions of the internal organization of existing executive branch functions with which the President may deal under the reorganization statute. Grant consolidations, in most cases, would have to involve changes in existing functions and substantive law which are of major concern outside the executive branch.

While we have reservations about the approach used in title VI, we share your concern about the current multiplicity of narrow grant programs. We believe some consolidation into broader program grants is desirable and have been working with various agencies to explore the possibility of developing such consolidated grants.

Senator MUSKIE. With respect to title VI, I take it your position is neither affirmative nor negative at this point?

Mr. HUGHES. That is correct, Mr. Chairman. First, we are somewhat uncertain as to the impact of title VI, for the reasons that we have mentioned.

Secondly, and we are somewhat embarrassed by this, I am frank to say, we are not certain of the impact of a provision such as title VI on the general and continuing problem of executive-legislative relations.

You may be aware that questions continually arise of the constitutionality and validity of the Reorganization Act procedure, and at least one of the arguments in support of that procedure has centered around the fact that it deals with essentially executive matters; namely, the organization of agencies. This fact gives us some concern in considering whether it is appropriate and constitutional to deal with the amendment of substantive legislation by this kind of a procedure.

Certainly this kind of authority would give the President a very useful tool in accomplishing purposes that you and we agree are desirable.

Senator MUSKIE. May I make two or three observations at this point?

I think you are undoubtedly correct that with some and maybe many Members of this Congress with this proposal you touch a sensitive nerve about the proposition of legislative authority, between the legislative and executive branches.

Second, I think you are also correct in suggesting in your prepared statement that the executive reorganization authority gives some authority to us. And yet I suspect that it has been little used because of the first reason that you just touched upon. It is used in the case of the Department of Housing and Urban Development transfer to the Department of Transportation, I think with the advance approval of the Congress. I think it was understood that there would be some transfer of this kind, because it wasn't possible to work it out legislatively.

Mr. HUGHES. The problem was dealt with in the creation of the Department of Transportation itself, and there was the expectation that there would be a follow-on action of some sort.

Senator MUSKIE. In other words, my feeling is that without additional mandate from the Congress, perhaps in the form we have in this bill, the President is not likely to use the reorganization authority he now has to accomplish this purpose, even though the authority may exist to some degree. Is that an accurate assessment; do you think?

Mr. HUGHES. We certainly would proceed very cautiously, Mr. Chairman. I don't think there is any question about that.

Senator MUSKIE. So the question then which we seek to raise in this legislation is whether or not this is the time for Congress to consider it positively, and to give a positive mandate or reject it.

Mr. HUGHES. Yes. Part of our concern here is that if the Congress, in considering this elects to reject it, that rejection may carry with it implications with respect to the Reorganization Act authority, which is generally accepted.

Senator MUSKIE. Let me make one further point or suggestion. You have indicated, at least this is the implication of what you have said, that if this provision is retained in the bill, it ought to be modified in some respects.

Mr. HUGHES. Yes, sir.

Senator MUSKIE. Would you be willing to work with the staff in developing these modifications?

Mr. HUGHES. We certainly would, Mr. Chairman.

Senator MUSKIE. Thank you.

Mr. HUGHES. Title VII amends the Federal Property and Administrative Services Act by adding at the end thereof a new title VIII—urban land utilization. This title would require the Administrator of General Services to give advance and reasonable notice to a responsible official of local governments before offering for sale any Federal real property located within an urban area as defined in the act.

The Administrator also would be required to provide available zoning information to prospective purchasers of such property. He would additionally be required to the extent practicable to comply with local zoning requirements, to give advance notice of plans to acquire additional Federal property, and to consider objections by local governments to proposed Federal acquisition and use of real property in urban areas.

The Bureau of the Budget generally supports provisions of title VII of this bill but believes that the provisions should be conformed to those contained in the Advisory Commission's bill.

Title VIII of S. 698 is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by Federal and federally assisted programs. This policy would be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

Generally, we believe that title VIII would establish a workable, uniform system for fair and equitable treatment of those displaced by such land acquisitions. However, we believe that it could be substantially improved in a number of respects to meet more adequately its objectives. If it is agreeable to the committee, I would like to present for inclusion in the record at an appropriate point a statement containing detailed comments on title VIII and at this time address our more significant recommendations.

Senator MUSKIE. The statement will be included in the record at the close of your statement.

Mr. HUGHES. Thank you, Mr. Chairman.

First is the question of the method of financing the cost of relocation expenses for federally assisted programs and for programs which require State agencies to furnish land incident to a Federal public improvement project. This subject is covered in sections 804 and 807 (b). The net effect of both provisions is to require the Federal Government to pay 100 percent of the cost of relocation in most cases.

We agree that under these programs the same type of relocation payments, services and assurances as are required for Federal programs should be furnished. However, we believe that the cost of relocation should be considered as a part of the cost of the acquisition of land and should be borne by the party responsible for land acquisition. Where acquisition of land is a prerequisite to a project and the State agency normally would pay for the cost of land, we believe that the cost of relocation should be the responsibility of the State agency. Where the cost of the land is shared on some type of a previously agreed-upon basis, or prescribed by law, we believe that the costs of relocation should be shared on the same basis.

Second, section 803(c)(2) requires assurance of the availability of adequate substitute dwellings within a reasonable period of time prior to displacement for all individuals displaced by the Federal Government. This assurance may be waived in periods of national emergency proclaimed by the President. We believe that there may be other cases when it will be in the national interest to proceed urgently with a land acquisition and that, therefore, the Government must have some additional flexibility in this regard. For example, we have been advised by the Department of Defense that there have been a number of times when it has been necessary to acquire property for urgent national defense purposes when the President has not proclaimed a period of national emergency.

There may well be other situations in addition to the national defense when the Government must move swiftly to protect individuals or a community. We recommend revision of section 803(c)(2) to provide that the President may prescribe by regulations those situations when such assurances may be waived.

Third, title VIII does not recognize the problem of the owner-occupant of real property which is acquired, but for which the fair market value paid is not sufficient to enable the previous owner to obtain a decent, safe, and sanitary dwelling adequate in size to meet his needs. This most frequently occurs as a result of the private market no longer producing a significant volume of new housing in the price ranges comparable to that being acquired under Federal and federally assisted programs. We believe this problem should be dealt with in title VIII by providing for a payment of up to \$5,000 which would represent an amount which, when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards available on the private market.

Fourth, section 802(b) provides that a displaced person who moves or discontinues his business may elect to accept an optional payment of up to \$5,000. If, as we understand it, the intent of this provision is to recognize both the cost of moving and the economic impact of displacement, we recommend that it be clarified by authorizing the payment of (a) actual moving expenses plus (b) a payment equal to the average annual net earnings of the business of \$2,500, whichever is the lesser.

Fifth, section 803(d) would make three changes in section 7(b)(3) of the Small Business Act. Under the current law some businesses are eligible for long term low-interest loans, if they have suffered substantial economic injuries as a result of displacement by a federally-aided urban renewal, or highway construction program, or by any

other construction conducted by or with funds provided by the Federal Government. Title VIII would extend this loan program (1) to cover not only small businesses displaced, but also nondisplaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs, but by also "... any other public improvement program ..." and (3) to cover not only businesses injured by Federal or federally-aided programs, but also businesses injured by wholly State or local programs.

We are opposed to these amendments to the Small Business Act. We believe it is impractical to provide assistance to other than those who are actually displaced, and we believe it inappropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally-aided programs.

Title IX of the bill would establish a uniform policy on land acquisition practices. We concur in the objectives of title IX; but believe that certain amendments are desirable for purposes of clarification, permitting greater flexibility and more fully protecting the Government's interests.

Section 901(a) (3) concerns the establishment of a fair and reasonable price to be paid for property acquired. We interpret this provision as assuring that the Government will reimburse landowners in an amount which is fair and reasonable, commensurate with the appraised value of the land, and arrived at through mutual negotiation. We do not believe that the provision is intended to preclude effective negotiation or to establish a "one-price" policy. Since some of the administering agencies so interpret the section, we recommend that the legislative history make it clear that a hard and fast "one-price" policy is not intended.

Section 902 provides that when real property is acquired, the fair market value for such property should be paid therefore unless it is the intention of the seller to convey the property for less than fair market value. We concur in this provision.

Section 903(c) provides that in determining the extent of real property to be acquired and the evaluation thereof, we should pay for tenants' improvements even though the tenant may be required to remove the improvements by a contract with the owner of the land. The Department of Justice and some of the major land-owning agencies point out that the present language might cause the Federal Government to pay both the property owner and the tenant for the improvements. We will be glad to provide language to assure that the interest of the United States will be protected and the objectives of the provision accomplished.

Section 904 provides that an acquiring agency shall reimburse the seller for all reasonable expenses incidental to the transfer of title to the Government. We favor the objective of this provision, but recommend certain minor amendments concerning the timing of the payment and limitations on reimbursement to seller for mortgage penalty costs. We will provide language to improve this section.

Section 905(b) details those land acquisition policies that State agencies will be required to follow after January 1, 1970 to obtain approval of grants, agreements, or contracts for Federal financial assistance where acquisition of land or of any public improvement is

part of the cost. We recommend that this provision be amended to defer the effective date of the requirement for 3 years after enactment to allow State and local governments sufficient time to make necessary changes in their laws.

Section 905(b)(3) provides for the acquisition of tenants' improvements in federally assisted programs. The purpose of this section is identical to the purpose of section 903(c) which is applicable to Federal programs. We have already recommended certain revisions to section 903(c). We believe that the two sections should be identical.

Section 906 provides that effective January 1, 1970, certain specified sections of the Housing and Urban Development Act of 1965 are repealed. We have already recommended that the effective date for the requirements of Federal aid specified in section 905(b) be changed to 3 years after enactment. We would make the same recommendation concerning repeal of the specified sections of the Housing and Urban Development Act of 1965.

The purpose of title X is to encourage simplification and improve coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, and to provide for a survey of the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions. Additionally, this title of the bill places new responsibilities upon the Comptroller General of the United States in respect to the financial administration of grant programs at the State and local levels, including the promulgation of rules and regulations for using State and political subdivision accounting and auditing in meeting financial management requirements of such programs. This title of the bill would also require a joint study by the Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget, looking towards improvement of the financial administration of grant programs at the Federal and local levels.

We agree that there is need for improving the financial management of grant programs through more simplification and better coordination of accounting, auditing, and reporting activities. The committee may be interested to know that in 1965 the Bureau of the Budget issued circular No. A-73, the purpose of which is to promote improved audit practices and to achieve more efficient use of manpower through improved coordination of the efforts of Federal, State, and local government audit staff.

In this regard the committee may also be interested to know that just last week the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget agreed to launch, under the auspices of the joint financial management improvement program, an interagency study in this area. We recommend deferral of legislative action on this title of the bill pending completion of the interagency study.

In conclusion, Mr. Chairman, I simply reiterate that the Bureau of the Budget believes the objectives of the Intergovernmental Cooperation Act are most meritorious and will make a positive contribution to a stronger and more effective American federalism.

Mr. Chairman, that is the end of my prepared statement, but yesterday's action referring the Joint Fund Simplification Act to this subcommittee suggested to us perhaps the desirability of making some mention of that in our presentation at these hearings.

The bill was transmitted by the then Director of the Bureau of the Budget to the Congress, Mr. Charles Schultze, on August 11, 1967, and you may wish to include in the record, the letter, the bill and attachments in the form of an explanatory statement and some examples of the kinds of actions which might be possible under the act.

Senator MUSKIE. It will be included in the record, and before I forget it, circular No. A-73 to which you referred in your prepared statement will also be included in the record.

(The materials referred to follow:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 11, 1967.

HON. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: We are transmitting herewith for appropriate consideration the proposed "Joint Funding Simplification Act of 1967."

This proposal was drafted in response to the President's request—in his March 17 Message on the Quality of American Government—for legislation that would make it possible "... for Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures—without disturbing, however, the separate authorizations, appropriations, and substantive requirements for each grant-in-aid program."

A number of Federal assistance programs which finance different activities can often be brought together in a single project to support similar or directly related purposes. Such combinations of related programs would enable State and local governments and other grantees to use the wide variety of Federal assistance programs more effectively and efficiently.

However, such combinations cannot be "packaged" and administered easily under existing laws and regulations. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, etc. Further, the grantees must often work with several Federal agencies (or constituent elements of a single agency)—each with its own distinct administrative practices. As a result, considerable effort is required and significant delays are encountered.

The purpose of this proposal is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation. The Act would enable State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support of multi-purpose projects. Under the bill:

Federal agency heads would be authorized to establish uniform requirements respecting technical or administrative provisions of law so that jointly funded projects would not have to be subject to varying or conflicting rules or procedures;

In appropriate cases, Federal agencies would have authority to delegate to other agencies power to approve portions of projects on their behalf;

Federal agency heads could establish joint management funds in their agencies to finance multi-purpose projects drawing upon appropriations from several different accounts;

The President would prescribe appropriate regulations for, and approve agency delegations of power and functions under the Act. He would make reports to the Congress on actions taken, and make recommendations for additional legislative action, including proposals for consolidation, simplification or coordination of grant programs.

The Act would expire after three years.

The Joint Funding Simplification Act of 1967 would not, except as specifically provided, affect substantive provisions of law relating to Federal assistance programs such as eligibility criteria, maintenance of effort, matching ratios, authorization levels, program availability, etc. Problems presented by the diversity in such provisions as these would be studied in connection with proposals for grant consolidation. In the Message on the Quality of American Government, the President also requested the Director of the Bureau of the

Budget "to review the range of Federal grant-in-aid programs to determine . . . areas in which a basic consolidation of grant-in-aid authorizations, appropriations, and statutory requirements should be carried out." That effort is now underway. Experience gained under the Joint Funding Simplification Act will be of great assistance in the development of a workable grant consolidation program.

Sincerely,

CHARLES L. SCHULTZE,
Director.

[Circular No. A-73]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 4, 1965.

To the heads of Executive Departments and establishments.

Subject: Audit of Federal grants-in-aid to State and local governments.

1. *Purpose.* This Circular sets forth policies to be followed in the audit of Federal grants-in-aid to State and local governments. The primary objectives of this Circular are to promote improved audit practices, and to achieve more efficient use of manpower through improved coordination of the efforts of Federal, State, and local government audit staff. To the extent appropriate, the policies should also be applied to contracts with, and loans to, State and local governments.

2. *Coverage.* This Circular applies to all Federal agencies responsible for administering programs that involve grants-in-aid to State and local governments.

3. *Audit policies.* Federal agencies are responsible for providing adequate audit coverage of grant programs, as a constructive aid in determining whether Federal funds have been applied effectively and in a manner that is consistent with related Federal laws, program objectives, and underlying agreements.

a. *Determination of audit requirements.* Each Federal agency conducting grant programs will establish audit policies for guidance of its internal or independent auditors. For this purpose, the agency will review its individual grant programs to determine the coverage, frequency, and priority of audit required for each program. Such review should include consideration of the following factors:

(1) The dollar magnitude and duration of the grant program.

(2) The extent of Federal matching requirements.

(3) The Federal management needs to be met, as developed in consultation with the responsible program officials.

(4) Prior experience in auditing the program, including the adequacy of the financial management system and controls.

The audit policies of Federal agencies will provide for relying, to the maximum extent feasible, on internal or independent audits performed at the State and local levels and for appropriate use of the principles of statistical sampling.

b. *Scope of individual audits.* To assist in deciding on the scope of Federal audit required for each grant program, determinations will be made of the adequacy of the internal management control system employed by the grantee—including consideration of whether the accounting records are maintained, and reports are prepared, in accordance with generally accepted accounting principles, and whether audits are carried out in accordance with generally accepted auditing standards. This involves an evaluation of the grantee's organizational arrangements, financial systems, and facilities for audit and other reviews. The aim is to determine whether the management controls provide an effective system that promotes efficient administration and satisfies governing laws and regulations, the audit service is provided on a timely basis by qualified staff, and the auditors have sufficient independence of operations to permit a comprehensive and objective service to management.

Where grantee practices are considered to be acceptable under such standards, Federal audits will be oriented toward establishing the adequacy of the system and controls in operation, supported by a testing of transactions to verify the reliability of the system.

Where the grantee's internal management control system does not meet these standards, Federal agencies will encourage the grantee to review existing practices and bring about necessary improvements, and will cooperate by lending such assistance as may be feasible in developing an appropriate system and orienting grantee staff.

Each Federal agency will make available—on request from another Federal agency—the results and findings of previous audits that identify the adequacy of

a grantee's system of financial management and control as well as such other information as will assist in establishing audit requirements and the scope of audit.

c. *Arrangements for conduct of audits.* In order to conserve manpower, promote efficiency, and minimize the impact of required audits on the operations of grantee organizations, the audit of all grant programs administered under the jurisdiction of a single Federal department should be coordinated in all cases where related authorities and responsibilities are delegated to constituent organizations.

In addition, each grantor agency will give full consideration to establishing cross-servicing arrangements under which one Federal agency would conduct audits for another—whenever such arrangements are in the best interests of the Federal Government and the grantee. This is particularly applicable where two or more Federal agencies are auditing programs in the same State agency or local unit, or in offices located within the same geographical area. Under such circumstances, it will be the responsibility of the Federal agencies involved to collaborate in determining the feasibility of one of the agencies conducting audits for others, and to work out mutually agreeable arrangements for carrying out the required audits on the most efficient basis. To the extent that problems are encountered which cannot be resolved through such collaboration, the Bureau of the Budget will lend assistance as required.

d. *Coordination of Federal, State, and local audits.* Federal agencies responsible for conducting audits of grant operations will foster close cooperation and coordination among the auditors of the respective jurisdictions. Continuous liaison, including the exchange of audit standards and objectives, should be maintained among the Federal, State, and local audit groups involved. As a minimum, these groups will collaborate in the development of audit schedules to minimize the amount of effort required, as well as the impact on operations of the grantee offices. While the Federal Government cannot automatically accept audits performed by a representative of the grantee, maximum use should be made of audits performed by the grantee's internal or independent auditors, so as to avoid unnecessary duplication by Federal auditors.

4. *Implementation action.* Federal agencies administering grants to State and local governments are requested to make a critical review of policies and practices currently followed in the audit of grant programs, and to take such action as is necessary to comply with the policies set forth in this Circular. For this purpose, the head of each agency should designate a central point in the agency to be responsible for seeing that this is done expeditiously.

Each Federal agency subject to this Circular will submit a report (original and one copy) to the Bureau of the Budget by March 31, 1966, as to the actions taken and progress made toward: (a) establishing and publishing statements of audit requirements; (b) coordination of audits within the agency; (c) establishing cross-servicing arrangements; and (d) coordinating Federal audit work with that of the State and local governments concerned.

CHARLES L. SCHULTZE,
Director.

Mr. HUGHES. Thank you, Mr. Chairman. I can, if you wish, comment on the joint funding bill or I will be pleased to stop.

Senator MUSKIE. Why don't you go ahead.

Mr. HUGHES. All right, sir.

The August 11 letter points out that the proposal was drafted in response to the President's request, in his March 17 message on the quality of American Government, for legislation that would make it possible "for Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures without disturbing, however, the separate authorizations, appropriations and substantive requirements for each grant-in-aid program."

Under the bill a number of Federal assistance programs which finance different activities can be brought together in a single project to support similar or directly related purposes. Such combinations of related programs would enable States and local governments and other

grantees to use the wide variety of Federal assistance programs more effectively and efficiently.

However, such combinations cannot be packaged and administered easily under existing laws and regulations. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, et cetera. Further, the grantees must often work with several Federal agencies or constituent elements of a single agency, each with its own distinct administrative practice. As a result, considerable effort is required and significant delays are encountered.

The purpose of this proposal is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available and for more than one Federal agency, program or appropriation. The act would enable State and local governments and other public and private agencies to use Federal financial assistance under two or more programs in support of multipurpose projects.

Under the bill, Federal agency heads would be authorized to establish uniform requirements respecting technical or administrative provisions of law, so that jointly funded projects would not have to be subject to varying or conflicting rules or procedures. In appropriate cases Federal agencies would have the authority to delegate to other agencies power to approve portions of projects on their behalf. Federal agency heads could also establish joint management funds in their agencies, to finance multipurpose projects drawing upon appropriations from several different accounts.

The President would prescribe appropriate regulations for and approve agency delegations of power and functions under the act. He would make reports to the Congress on actions taken and make recommendations for additional legislative action, including proposals for consolidation, simplification, or coordination of grant programs. The act would expire after three years.

I think those are the essential points, Mr. Chairman.

Again I just emphasize that the act is not intended to alter substantive program requirements, but rather to facilitate the administrative procedures and practices that are required to carry out those program purposes.

Senator MUSKIE. In a limited way it works at the same problem as the proposed consolidation of grants authority.

Mr. HUGHES. That is quite correct, Mr. Chairman.

Senator MUSKIE. I wonder if you might, Mr. Hughes, refer to recent developments in the executive branch to promote improved intergovernmental relations, especially as it relates to the present role of the Bureau of the Budget interagency arrangements.

Mr. HUGHES. I will be glad to do that, Mr. Chairman. We can also provide for the committee's more complete review some material for the record which would spell this out in more detail.

A number of things are going on. Some of them have produced specific results. Others have not, but we are hopeful about them. One, of course, is the grant-in-aid simplification legislation to which I just referred.

I referred in my statement also to efforts that we are engaged in with the agencies to consolidate grants-in-aid by legislative action. The health services legislation I believe you are aware of and have referred to in some of your comments.

There are two other similar actions in the legislative mill this year. One of them deals, I believe, with vocational education, and the other is with student aids in the field of higher education. These measures would consolidate existing separate programs into a single entity which would be both more flexible and more easily manageable.

We have, in addition, we are carrying on a dialogue with a number of agencies. HEW is the most obvious candidate for this kind of action, I think, but a number of other agencies as well, to explore, identify and carry forward plans to do the same kind of thing in other program areas.

The President of May of last year instructed the Secretaries of Housing and Urban Development, Labor, and HEW and the Director of the Office of Economic Opportunity to revise and improve their procedures for processing grant-in-aid applications in their areas. As a consequence of this effort, an interagency task force, under the leadership of the Department of Housing and Urban Development, has carried on a very intensive program which has produced identifiable results approximating a 50-percent reduction in application handling time. The time required is still more than those agencies or we wish it were, but the effort has produced significant results, and more are in the works. We are carrying forward this same kind of effort in other agencies as well—in the Department of Interior, which has a number of grant programs, the Department of Transportation and so on.

Then in 1966 the President directed increased consultation by the Federal agencies with State and local chief executives in the development and execution of programs, and the Bureau of the Budget, after a series of meetings with State and local associations issued circular A-85, of 1967. We would be glad to provide a copy for the record if you don't have it. The circular carries out the objectives of the directive with respect to one particular area of Federal activity—the issuance of regulations and other administrative instructions. The circular establishes a procedure under which instructions affecting State and local governments are transmitted in draft by agencies to the ACIR for its consideration and review.

In January of last year Bureau of the Budget circular A-80 was issued on the coordination of development planning, an effort in a sense to have the planners plan a little better and in a more coherent fashion, particularly in programs that are based on multijurisdictional areas. The circular implements a Presidential message.

The Bureau itself is engaged in a couple of major efforts that I think are worth mentioning. They are also spelled out in more detail in the material which we can provide. The first of these that I will mention is an effort to improve the Government's management information system and statistics. It is an effort based upon the utilization of modern ADP computer techniques and technology to bring together for the use of all more effective, more complete, and more revealing information than we have ever been able to get together before about Federal programs and their impact both nationwide and on specific areas of the country. This effort is only beginning to get underway, and

it is inherently complicated and difficult, because of the multiplicity of programs, the multiplicity of jurisdictions, and the need for a capacity to produce the information on any of a wide variety of classifications and cross-cutting categories. But we are making progress and do expect both in the short run and long run to make some substantial improvements.

The other area that is an internal Bureau effort involves increased emphasis on administrative policies, philosophy, and management. As I see it many of the old management doctrines are inadequate for our current day needs. The old concepts of nice, clear, and precise lines of responsibility and authority certainly have been useful, and within particular areas of administration they provide concepts that we must adhere to. But most programs nowadays, and most Government and I think for that matter private businesses nowadays, are by their nature interrelated, hence there is no way to organize the Government so that the Department of Housing and Urban Development can operate independently of the Department of Health, Education, and Welfare or of the Office of Economic Opportunity or of the Department of Labor. We need to work with the agencies and with the Congress on a new set of concepts which will cut across traditional categorical lines, committee jurisdictions, agency and bureaucratic jurisdictions, and so on, recognizing that manpower problems are, to an extent, health problems and education problems and training problems, and so on.

Senator MUSKIE. I understand that the detail on this is now being reviewed and when the review is completed we may have it for the record.

Mr. HUGHES. That is correct.

(The materials referred to follow:)

[From the Bureau of the Budget, Office of Executive Management, June 21, 1968]

SUMMARY OF RECENT ACTIVITIES TO PROMOTE IMPROVED INTERGOVERNMENTAL RELATIONS

The Bureau of the Budget and other Federal agencies are making progress on a number of actions designed to improve the administration of grant-in-aid programs and Federal-State-local relations. A brief summary of the more important activities follows:

GRANT-IN-AID SIMPLIFICATION

In the President's message to the Congress concerning the *Quality of American Government* last year, the Director of the Bureau of the Budget was assigned the task of developing a plan and implementing legislation which would simplify the procedures for grant-in-aid application, administration and financial accounting. Legislation was accordingly developed to facilitate the combination of related categorical grants into single packages by applicants without disturbing the substantive requirements of each program. State and local government associations were specifically consulted at several steps during the preparation of this legislation inasmuch as their clients will benefit most directly. The legislation has now been introduced as the "Joint Funding Simplification Act of 1967" (H.R. 12631 and S. 2981). Bureau staff are now studying with the Federal agencies the procedures that must be developed to implement the provisions of the bill.

CONSOLIDATION OF GRANTS-IN-AID

The President's message on the *Quality of American Government* also directed the Director of the Bureau of the Budget to undertake a study of basic consolidations of similar and related grant programs into broader purpose program grants. Bureau staff are already working with a Department of Health, Educa-

tion, and Welfare study group which is exploring alternative proposals for the consolidation of HEW grants in a manner similar to the example set by the Comprehensive Health Planning Act of 1966. A proposal for consolidation of aids to students in institutions of higher learning has been developed and put before the Congress (H.R. 15067, Title 4). In addition, limited authority is being sought to permit recipient institutions to transfer funds between Economic Opportunity Grants and the proposed consolidated student aid programs as needed. Authority will also be sought for consolidation of vocational education grant programs by abolishing past practices of earmarking vocational education funds into heavily structured separate program channels. This improvement has been a key change requested by the States in 1967.

A proposal developed by HEW for consolidation of numerous State plans required by the several grant programs for education has been discussed with the State education agencies. Questions and problems raised by the State agencies are being evaluated by a survey group on which Bureau staff are participating.

PROBLEMS CAUSED BY DELAYS IN FUNDING GRANT PROGRAMS

A Bureau of the Budget team has studied the difficulties States experience because Federal funds for grant-in-aid programs are delayed by late congressional authorizations and appropriations. A report to the Director was made indicating the costs the States incur because of these delays, existing funding techniques for Federal grants, and recommendations for action to ease the problem. The study also covered the feasibility from the Federal point of view of the "pre-financing" of Federal grants by State and local governments. A pre-financing proposal, advanced by Governor Rockefeller of New York in 1967, envisages State financing of the Federal share of grant project costs prior to Federal grant approval, with the expectation that the Federal Government would make reimbursement at a later date. The Clean Water Restoration Act of 1966 now makes provision for a limited program of eligibility for later Federal funding of previously constructed sewage works.

Bureau staff also participated in a special study of the special problems caused by delayed funding of Federal grants for education programs which was carried out jointly with the Department of Health, Education, and Welfare. Bureau field visits to the States were coordinated with HEW data collection needs, and a joint HEW-Bureau team visited New York State and Colorado. The HEW survey report and recommendations were submitted to Secretary Gardner in September as "A Model Authorization and Funding System for Elementary and Secondary Education." The major proposals involved alleviating problems caused by delayed appropriations by (1) requesting Congress to appropriate funds one year in advance, and (2) seeking longer-term authorizations. The Elementary and Secondary Education Amendments of 1967 did adopt one-year advance funding and two-year authorization of the program.

The President is seeking one-year "advance funding" for college student aid programs in H.R. 15067, the Higher Education Amendments for 1968.

SHORTENING PROCESSING TIME

The President, in May 1967, instructed the Secretaries of Housing and Urban Development; Labor; and Health, Education, and Welfare, and the Director of the Office of Economic Opportunity to review their procedures for the development and processing of grant-in-aid applications and to recommend steps for reducing the time involved by 50 percent. An interagency task force under HUD's direction was created to implement that instruction, and made a progress report dated June 30, 1967. A report on "Reducing Federal Grant-in-Aid Processing Time" was forwarded to the President in late September. It reported that decisions already implemented or in the planning stage of implementation will achieve the following estimated reductions in Federal processing time in each multi-purpose area: Model Cities—50 percent; Neighborhood Centers—50 percent; Manpower—47 percent; Water and Sewers—57 percent. The President subsequently instructed those agencies to implement their proposals by December 31, 1967, and further instructed those agencies and others to cut processing time similarly on other critical programs. The President requested reports on these efforts by March 31, 1968. These reports, covering the analyses of 16 Federal agencies, reflect a net reduction of over 50 percent in the processing time of 66 grant-in-aid programs or major program components. Including the initial report of the Joint Administrative Task Force, 108 programs or major components, comprising the great

majority of Great Society grants-in-aid to State and local governments, have now been analyzed, with significant improvements made in nearly all.

INCREASED CONSULTATION WITH STATE AND LOCAL GOVERNMENTS

In 1966, the President directed agencies to consult with State and local chief executives in the development and execution of programs directly affecting State and local affairs. The Bureau of the Budget, after a series of meetings with State and local associations and Federal agencies, issued Circular No. A-85 in 1967, to implement the President's directive with respect to one major area of Federal activity—the issuance of regulations and other administrative instructions. The Circular establishes a procedure under which instructions affecting State and local governments are transmitted in draft by the agencies to the Advisory Commission on Intergovernmental Relations. The Commission staff, acting as a general secretariat, distributes those drafts or summaries thereof to the major State and local government associations which, in turn, are responsible for securing and presenting the views of their clients on the drafts.

In the first eleven months of operation, the ACIR has received from the Federal agencies and transmitted to the public interest groups 61 draft regulations. Evidence indicates that the procedures required by Circular A-85 are working well and that substantive comments by the State and local governments are considerable help to the Federal agencies. Federal agencies making the most use of the procedures have been HUD, OEO, and Interior. HEW, DOT, OEP, USDA and the Bureau of the Budget have also transmitted regulations to ACIR for A-85 review procedure.

PLANNING COORDINATION

In January 1967, Bureau of the Budget Circular No. A-80 was issued on the coordination of development planning for programs based on multi-jurisdictional areas. The Circular implements the President's Memorandum of September 2, 1966, on the coordination of Federal development planning.

Agency procedures for carrying out the instructions have been reviewed to assure maximum consistency among the many Federal agencies and programs concerned. Under the Circular, Federal agencies are required to consult with Governors before designating planning and development districts or regions in their States. Where the State has established such districts, the boundaries of new districts designated by Federal agencies will conform to them unless there is a clear justification for not doing so. At this time, 8 Federal programs of planning assistance are coordinated under Circular A-80 procedures.

The Director of the Bureau has taken recent action to further implement the purposes of Circular A-80. In a memorandum to heads of agencies on June 1st, the Director has asked for developed procedures for 14 Federal planning assistance programs which have not yet been coordinated under the Circular. Agency issuance of the procedures is targeted for August 1st. In addition, the agencies are being asked to report to the Bureau the experience gathered under A-80 in all the covered programs by the end of 1968.

PLANNING COORDINATING COMMITTEE

Bureau staff are also participating in a Planning Assistance and Requirements Coordinating Committee, established by the Department of Housing and Urban Development and representing the several Federal agencies which have grant programs which aid or require development planning. Three early tasks outlined for the committee are:

To act as clearing house for information on grants-in-aid awarded to State and local governments for various types of development planning, and to make such information available to the States as well.

To survey comprehensively the many Federal requirements for planning in order to ease the burden of the applicant State and local governments in supplying data, progress reports, and other types of justifications of planning activity.

To monitor the numerous planning research efforts which the agencies are conducting in-house by contract in order to prevent duplication of effort and to propose areas for further relevant study.

COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

In accordance with the provisions of Section 204 of the Demonstration Cities Act of 1966, the Bureau of the Budget has issued Circular No. A-82 (Revised)

providing procedures for review of local and State applications for Federal construction loans and grants by metropolitan or regional planning agencies. Section 204 required that an operative program for the review of the major physical development grant program applications by metropolitan or regional planning agencies must be established by July 1, 1967. The Bureau of the Budget has the responsibility of designating the applicable planning agencies. Review agencies have now been designated in all 233 Standard Metropolitan Statistical Areas of the United States. A review of the first six months' experience in implementing the requirement indicates a general satisfaction with its development, an awareness of problem areas, and willingness to improve the review process.

GRANT-IN-AID CATALOGS

In February 1967, the Director of the Bureau of the Budget requested the Secretaries of Commerce, Labor, Interior, Agriculture, Housing and Urban Development, and Health, Education, and Welfare, and the Directors of the Office of Economic Opportunity and the Office of Emergency Planning to avoid unnecessary duplication in the production of general catalogs of Federal grants-in-aid. Several agencies were producing or contemplating the production of different catalogs which contained information on their own grant programs as well as information on programs of other agencies. Response to the Director's letter was favorable; a single revised catalog listing all Federal programs of the agencies which bear on individual and community development was published under the leadership of the Office of Economic Opportunity. The new *OEO Catalog of Federal Assistance Programs*, which became generally available in July, contains information on 458 Federal assistance programs. A companion document to the Catalog, the *Vice President's Handbook for Local Officials*, was recently issued by the Office of the Vice President and has been distributed to over 50,000 State and local officials.

The Director has established an interagency task force to further integrate these efforts and build upon the concept of a single authoritative catalog for Federal domestic assistance programs. The task force is to advise the Director on matters such as the assignment of organizational responsibility for publication and maintenance of such a catalog, additional matters to be covered, and methods to insure periodic updating. Task force members include representatives of the Departments of Labor, Commerce, Interior, Agriculture, Transportation, Housing and Urban Development, and Health, Education, and Welfare, and the Office of Economic Opportunity, Office of Emergency Planning, Library of Congress (Legislative Reference Service), and the Office of the Vice President. A final report has been submitted to the Director. Bureau of the Budget staff are now considering actions which should be taken in response to this report.

UNIFORM DETERMINATIONS OF ALLOWABLE COSTS FOR FEDERAL GRANT PROGRAMS

The Bureau of the Budget has recently issued Circular No. A-87 which sets uniform standards for determination of allowable costs for administrative and other program-related expenses under *all* Federal grant-in-aid programs. One major thrust of the circular would be to have State and local indirect overhead costs recognized as allowable costs in connection with administration of aid programs. The objective is to achieve greater uniformity and to eliminate so far as possible present differences in agency practices.

GRANTS MANAGEMENT IMPROVEMENT STUDIES

Several projects are currently underway which will improve the management of Federal grants and contracts, particularly for the grantee.

A Federal team comprised of the Bureau, NSF, DOD, GAO and HEW/NIH has completed a review of the problems which universities experience because of Federal requirements for time and effort reporting on grant and contract projects. The findings of the team resulted in an amendment to Circular A-21 which has just been issued.

Another project having to do with Federal-university relationships has recently been completed. Budget Circular No. A-88 has been issued calling for a single Federal agency to negotiate indirect cost rates with an individual university, with all other Federal agencies following that guideline. The circular also requires that one Federal agency do the auditing of all Federal grants and contracts at the university.

The letter-of-credit mechanism for orderly and timely flow of grant monies to recipients, designed to achieve Federal savings on interest, is being reviewed by an interagency group composed of the Bureau, Treasury, HEW, and the GAO. Recent experience indicates that grantees have been drawing funds down too fast, without corresponding expenditures. Procedures to tighten the timing of funds are being studied. The interagency group is also exploring other programs in which the introduction of the letter-of-credit might be beneficial.

INFORMATION SYSTEMS AND STATISTICS

Bureau staff have participated in a task force representing State and local government associations and the ACIR which has identified intergovernmental problems in the efficient use and management of information systems. A final report of the task force proposes, among other things, a Budget circular setting out guidelines for Federal agency cooperation in the intergovernmental use and management of information systems and statistics. A draft of the proposed circular is already being considered by Federal agencies, and has been sent to States and local governments under A-85 consultation.

1. Compatibility of data which the levels of government collect and use.
2. Coordinated development of common information systems.
3. Joint utilization of automatic data processing facilities.
4. Federal agency criteria for considering grant applications for information system assistance.

The Bureau, together with the ACIR and the State and local government associations, sponsored a National Conference on Comparative Statistics on April 4-5, 1968 in Washington. The Conference considered the final report of the task force noted above, and examined problems and progress in intergovernmental statistical cooperation.

Additionally, Bureau staff have worked with the Census Bureau in the development of seminars for State and municipal officials acquainting them with Federal statistical series and services. The first cycle of seminars, concentrating on State officials, has been completed, and a second cycle—for municipal officers—was begun this Spring. One result of the Census Bureau work with the States is the inauguration of a joint cooperative program with 30 States to develop annual population estimates by county using common procedures and methods. The States will prepare the figures and the Census Bureau will publish them.

The Bureau of the Budget has established a system for the reporting of Federal outlays by geographic location. The Office of Economic Opportunity Information Center, which had previously developed the "Summary of Federal Social and Economic Programs," operates the system for the Bureau, with data being provided to OEO by all departments and agencies. The Federal outlay information which is being developed will add greatly to the abilities of State and local jurisdictions to plan adequately with knowledge of specific Federal funds and programs working in their areas. Under procedures set forth in Bureau Circular A-84, figures by county and by municipality of 25,000 and above will be published on a quarterly basis. The first report is expected in June 1968. (It should be cautioned, however, that this system is still in a developmental stage and that methods are being developed to improve the accuracy, reliability and usefulness of the data.)

The Information Center has also been working with several States in the development of State systems for reporting State financial outlays by governmental subunit. OEO provides limited technical assistance (a small team) and the States provide all other resources. Assistance has been provided in 11 States so far, and several others are anxious to initiate such systems with OEO assistance.

NEIGHBORHOOD CENTERS DEMONSTRATION PROJECTS

Under the leadership of the Department of Housing and Urban Development, Federal interagency field teams worked with 14 municipalities to develop pilot neighborhood centers. A key aspect of the effort is the integration into the center of *existing* programs and activities now being carried on in the neighborhood—or being carried on in the city and susceptible to being decentralized into the neighborhood. Bureau staff have been active team members in Washington on the Interagency Review Committee (WIRC) and in the field in each of the 14 municipalities. Initial planning grants were made to seven cities, and combined grants for planning and early "core services" organizations were made to the

remaining seven cities. Attempts have been made in every case to link the neighborhood centers with target areas of proposed Model Cities projects, the Concentrated Employment Programs, and the Comprehensive Area Manpower Planning System. The municipalities then submitted second-phase applications ("Neighborhood Services Program-II") for construction and operation of the centers which indicate the programming of all Federal, State, and local resources for the pilot projects. Those applications were reviewed and, to date, 13 have been approved by WIRC. Action on the remaining application is pending.

INTERGOVERNMENTAL MANPOWER

In 1967, a White House task force, surveying the manpower needs of State and local governments over the next decade, recommended Federal legislation to provide assistance to the States and local jurisdictions. Projections of manpower requirements clearly indicated that (1) heavy manpower replacement and new recruitment would be a critical problem for State and local governments, and (2) the quality and training levels of the new manpower must be significantly higher than previously in order to meet the more sophisticated tasks these governments are now undertaking. Accordingly, Bureau staff worked with the Civil Service Commission and HEW in the development of two legislative proposals to help meet these needs:

The Intergovernmental Manpower Act (S. 1485 and H.R. 8233) which provided for in-service training assistance, intergovernmental personnel transfers, and aids to augment State and local personnel systems. In October 1967, the Senate passed an amended version, the Intergovernmental Personnel Act (S. 699). House hearings on H.R. 8233 have been held in February 1968. Further hearings are expected.

Education for the Public Service Act (H.R. 8175) which provides for pre-service training for students desirous of entering the public service. The bill has been incorporated in H.R. 15067, the Higher Education Amendments of 1968.

OPERATIONAL COORDINATION STAFF

To help identify and put into motion solutions to specific problems occurring in the field, the Bureau of the Budget, as part of its reorganization in 1967, has created an Operational Coordination Staff. The staff has been engaged in a continuing program of on-site visits to States, counties and municipalities, with particular emphasis being placed on the coordination of Federal assistance programs at the applicant level.

INTERGOVERNMENTAL MEETINGS

Under the leadership of the Director of the Office of Emergency Planning, a series of direct consultations with Governors and their staffs have been held in a program of visits to State capitals. Top-level representatives from the Federal grant program agencies and the Bureau of the Budget accompanied the Director on the trips in order to discuss State problems in administering grant programs. A number of the trips also included meetings with State legislative leaders. Forty State capitals were visited. The new Director of the Office of Emergency Planning has also instituted a program of State visits to Washington and meetings of Federal regional people in State capitals. A number of these "State Days" in Washington have been held, and several more were scheduled in the Spring of 1968.

The Vice President continues to hold meetings with mayors, city and county managers, and other local officials to discuss common interests and problems in the field of intergovernmental relations. In the past year, he has held over 25 meetings with organizations of local officials and many local and metropolitan groups as well as the leadership of national organizations such as the National League of Cities, the U.S. Conference of Mayors, the International City Managers Association, the National Association of Counties, and the National School Boards Association. Many of these meetings represent the first time such groups have had a chance to consult with top-level government officials. Several of them pinpointed problems in intergovernmental relations and resulted in further problem solving sessions with the Bureau of the Budget and other executive agencies.

The Bureau of the Budget recently held its annual Spring liaison meeting with the National Association of State Budget Officers in Washington. Federal and

State budget officials have been meeting on common problems for more than seven years now.

PLANNING-PROGRAMING-BUDGETING SYSTEM

Application of PPBS to improve the analytic base for public decisions by the Federal Government has stimulated similar activity in States and localities. In support of these activities, the Ford Foundation has granted the George Washington University State and Local Finances Project funds to conduct a pilot program of the feasibility of PPBS in five States, five counties, and five cities. The Bureau of the Budget has also contracted with the Project for a study of actions the Federal Government might take to facilitate an intergovernmental PPB System related to grant-in-aid programs.

Additionally, the Bureau has contracted with the Management Analysis Center, Inc., of Cambridge, Massachusetts, for the development of ten cases on various aspects of planning-programing-budgeting activities in the Federal Government. The cases will be constructed primarily for use in Government training courses, but also will be made available to colleges and universities for instructional purposes. It is expected that the cases will be particularly useful in training students for State and local government posts where a knowledge of the PPB System will be increasingly important.

FEDERAL AID INDICATORS

Special Analysis K of the Budget for 1969, which is the Bureau's indicator of "Federal Aid to State and Local Governments", presents the following relevant trends in Federal aid:

Total Federal grants to State and local governments in fiscal year 1969 are estimated to increase by \$1.9 billion over 1968 estimates to \$20.3 billion.

Total aids for metropolitan areas in FY 1969 will rise to an estimated \$12 billion, compared with an estimate of \$8.9 billion just two years earlier, up by roughly \$3 billion.

The largest Federal aid programs continue to be public assistance (\$5.8 billion including Medicaid) and highways (\$4.3 billion) of the total aid payments.

The fastest growing aid programs have been Office of Economic Opportunity grants (\$1.4 billion estimated for 1969), Elementary and Secondary Education (\$1.4 billion estimated), and Medicaid (\$2.1 billion estimated).

Administrative expenses as a percentage of Federal aid expenditures, including indirect costs, have remained consistently less than 2% over the past decade.

[Circular No. A-80]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., January 31, 1967.

To the heads of executive departments and establishments.

Subject: Coordination of development planning for programs based on multi-jurisdictional areas.

1. Purpose

Efficient accomplishment of many Federal program missions depends in large measure on the quality, comprehensiveness, and degree of coordination of physical, economic, and human resources planning efforts. The multiplicity of unrelated planning jurisdictions and activities now existing under various Federal programs inhibits their most effective operation. To help correct this situation, President Johnson, on September 2, 1966, addressed a memorandum to certain agencies which may assist comprehensive or functional planning covering multi-jurisdictional areas or require such planning as a condition to development assistance in such areas. Specifically, the President called for procedures which would encourage—

State and local planning agencies to work together in using common or consistent planning bases (i.e., statistical and economic estimates), and in sharing planning facilities and resources, and

utilization of common boundaries for planning and development districts or regions assisted by the Federal Government and consistency of such districts with established State planning and development districts and regions.

The President requested the heads of the departments and agencies involved to work with the Director of the Bureau of the Budget in achieving these objectives.

This Circular provides general guidelines to the agencies in meeting these objectives.

2. Definitions

a. *Development planning*.—Planning covering the whole or components of the physical, economic, or human resources development of a geographic area.

b. *Comprehensive development planning*.—The process of (1) assessing the needs and resources of an area; (2) formulating goals, objectives, policies, and standards to guide its long-range physical, economic, and human resource development; and (3) preparing plans and programs therefor which (a) identify alternative courses of action and the spatial and functional relationships among the activities to be carried out thereunder, (b) specify the appropriate ordering in time of such activities, (c) take into account other relevant factors affecting the achievement of the desired development of the area, and (d) provide an overall framework and guide for the preparation of functional and project development plans.

c. *Functional development planning*.—The preparation of plans and programs for generalized but limited development objectives such as the establishment or improvement of systems of transportation, education, pollution control, manpower development, and the like, which systems are integral components of the overall development of an area.

d. *Project planning*.—Planning of a set of short-range, specific, closely related actions that together will constitute one step in the achievement of broader, longer-range functional and comprehensive development objectives (e.g., the development of a highway, an urban renewal project, a headstart program, or construction of a waste treatment plant).

e. *Multijurisdictional area*.—Any geographical area extending into more than one unit of general local government.

f. *Planning and development district or region*.—A designated multijurisdictional area which covers a standard metropolitan statistical area or the major urbanized part thereof, or extends into more than one county or State.

3. Policies and objectives

a. To encourage and facilitate State and local initiative and responsibility in developing organizational and procedural arrangements for coordinating comprehensive and functional planning activities.

b. To discourage overlap, duplication, and competition in State and local planning activities assisted or required under Federal programs and to maximize State and local resources available for development planning (leadership, manpower, and money).

c. To minimize inconsistency among Federal administrative and approval requirements placed on State, regional, and metropolitan development planning activities.

d. To encourage the States to exercise leadership in delineating and establishing a system of planning and development districts or regions in each State, which can provide a consistent geographic base for the coordination of Federal, State, and local development programs.

4. Steps to achieve common or consistent planning and development districts or regions

a. Prior to the designation (or approval of the designation) of any planning and development district or region, agency procedures will provide a period of thirty days for the Governor(s) of the State(s) in which the district or region will be located to review the boundaries thereof and comment upon its relationship to planning and development districts or regions established by the State. Where the State has established such planning and development districts, the boundaries of designated areas will conform to them unless there is clear justification for not doing so. Where the State has not established planning and development districts or regions which provide a basis for evaluation of the boundaries of the area proposed for designation, major units of general local government in such area should also be consulted prior to designation of the area.

b. Prior to designation (or approval of a designation) of a planning and development district or region, the agency will establish, through checkpoint procedures developed therefor, that

(1) related programs or activities being carried on within the district or region have been identified by the applicant;

(2) such related programs are being planned on the same geographic basis; or

(3) where the designated area will have boundaries different than those within which related programs are being planned, there are compelling reasons for such differences.

c. Prior to making any designation, the administering agency will notify other Federal agencies administering related programs of the proposed designation. Such agencies will submit their comments, if any, within 15 days after receiving the notice.

d. Each agency will review existing planning and development districts or regions designated in connection with appropriate programs which it administers for their consistency with the purposes of the President's Memorandum of September 2, 1966.

5. Common and consistent planning bases and activities in multijurisdictional areas

Each agency will develop checkpoint procedures and requirements for applications for planning and development assistance under appropriate programs to assure the fullest consistency and coordination among planning activities thereunder and related planning being carried on under other Federal programs or under State and local programs in any multijurisdictional area.

The checkpoint procedures will incorporate the following:

a. identification by the applicant of planning activities being carried on for related programs within the multijurisdictional area, including those covering a larger area within which such multijurisdictional area is located, sub-areas of the area, and areas overlapping the multijurisdictional area;

b. evidence of explicit organizational or procedural arrangements that have been or are being established by the applicant to assure maximum coordination of planning for such related functions, programs, projects and activities within the multijurisdictional area. Such arrangements might include joint or common boards of directors or planning staffs, umbrella organizations, common referral or review procedures, information exchanges, etc.;

c. evidence of cooperative arrangements that have been or are being made by the applicant respecting joint or common use of planning resources (funds, personnel, facilities and services, etc.) among related programs within the area; and

d. evidence that planning being assisted will proceed from base data, statistics, and projections (social, economic, demographic, etc.) that are common to or consistent with those being employed for planning related activities within the area.

6. Joint funding

Where it will enhance the quality, comprehensive scope, and coordination of planning in multijurisdictional areas, agencies will to the extent practicable, provide for joint funding of planning activities being carried on therein.

7. Coordination of agency procedures and requirements

With respect to the steps called for in paragraphs 4 and 5 of this Circular, departments and agencies will develop for relevant programs appropriate draft procedures and requirements by March 1, 1967. Copies of such drafts will be furnished to the Director of the Bureau of the Budget and to the heads of the departments and agencies administering related programs. The Bureau, in consultation with the agencies, will review the draft procedures to assure the maximum obtainable consistency among them.

8. Inquiries

Inquiries as to scope and coverage of the Circular may be directed to the Office of Management and Organization, Bureau of the Budget (Code 103, Extension 3031).

CHARLES L. SCHULTZE, *Director*.

[Attachment : Circular No. A-80]

MEMORANDUM FROM THE PRESIDENT REQUESTING COORDINATION AT THE FEDERAL LEVEL, SEPTEMBER 2, 1966

Subject : Coordination for Development Planning

The Federal Government, through a number of departments and agencies, is now authorized to require and assist State and local governments and specialized agencies to formulate and carry out development plans.

Comprehensive planning covering wide areas is a promising and extremely important beginning to the solution of critical State, metropolitan, and regional problems. It is essential that it be done well.

At the Federal level, we must coordinate our efforts to prevent conflict and duplication among federally-assisted comprehensive planning efforts.

This should have two aspects :

State and local development planning agencies should be encouraged to work together in using common or consistent planning bases (i.e., statistical and economic estimates), and in sharing facilities and resources.

Boundaries for planning and development districts assisted by the Federal Government should be the same and should be consistent with established State planning districts and regions. Exceptions should be made only where there is clear justification.

I am requesting the head of each of the departments and agencies concerned with these matters to work with the Director of the Bureau of the Budget to insure the fullest coordination in fixing the boundaries of multijurisdictional planning units assisted by the Federal Government.

[Circular No. A-82, revised]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., December 18, 1967.

To: The heads of executive departments and establishments.

Subject: Coordination of Federal aids in metropolitan areas under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966.

1. *Purpose.*—This revised Circular replaces and rescinds Circular No. A-82, dated April 11, 1967. The principal changes are as follows :

a. Responsibility for general administrative oversight and coordination of section 204 is withdrawn from the Department of Housing and Urban Development because of a provision of the 1968 HUD appropriations act which prohibits expenditure of HUD funds for such purposes.

b. Certain of the programs listed for coverage in the original Circular have been dropped. Generally, these have been planning assistance programs which are of such scale that they do not result in proposals for specific projects which would be covered by section 204 or, where they do, applications for specific assistance to such projects would themselves be submitted for comment under this Circular.

c. Instead of a HUD review and evaluation of the implementation of section 204, provision is made for such review and evaluation by the agencies having programs covered by section 204 and this Circular.

2. *Basis.*—Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754; 80 Stat. 1263) provides that—

“(a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

“(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

“(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

"(b) (1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

"(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

"(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

"(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section."

This Circular has been prepared pursuant to subsection (c) of section 204.

3. *Definitions.*—Terms used in this Circular will have the following meanings:

a. "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of any of the foregoing.

b. "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Bureau of the Budget may determine to be appropriate.

c. "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (2) programming of capital improvements based on a determination of relative urgency; (3) long-range fiscal plans for implementing such plans and programs; and (4) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

d. "Hospitals" means any public health center or general, tuberculosis, mental, chronic disease, or other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' homes and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

e. "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

f. "Special purpose unit of local government" means any special district,

public-purpose corporation, or other limited-purpose political subdivision of a State, but will not include a school district.

g. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

4. *Coverage of Circular.*—

a. This Circular will have applicability to—

(1) All applications for assistance to those categories of land acquisition and construction projects and related planning in metropolitan areas, which an agency administering a program listed in Attachment A, in consultation with the Bureau of the Budget, determines are of the types set forth under subsection (a) of section 204 of the Act.

(2) Amendments to applications which, in light of the purposes of section 204 and this Circular, the administering agency determines would involve a major change in a project covered by an application previously submitted and reviewed.

b. The Bureau of the Budget will extend the coverage under the Circular to such new or additional programs as may be appropriate from time to time.

5. *Procedures.*—

a. The heads of departments and agencies administering programs covered by section 204 and this Circular, in consultation with the Bureau of the Budget, will develop and put into effect procedures for obtaining the comments of areawide agencies and units of general local government.

b. Procedures will provide for—

(1) Such arrangements for the handling and disposition of applications and comments as the heads of departments and agencies and the Bureau may agree to be desirable and feasible.

(2) An enumeration of types of projects that will be covered under each program and of the materials that will be submitted by the applicants to an areawide agency (and, in the case of applications made by a special purpose unit of government, to a general purpose unit of local government) for comment. Such materials will include—

(a) a copy of the application, or

(b) a description of the project for which an application is being made, in sufficient detail to permit the reviewing agency to make meaningful comments and recommendations and provide information of the type contemplated under section 204(b) (1) of the Act.

(c) such additional or supplementary materials or information as the applicant and the reviewing agency may agree upon as necessary or useful.

6. *Existing requirements for application review.*—The requirements of section 204 and this Circular do not supplant existing statutory or administrative requirements for review by metropolitan planning agencies and units of general local government of applications or development plans for projects under the above programs. Whenever, and to the extent that the Bureau of the Budget, in consultation with the head of any department or agency administering a covered program with such existing requirements, determines that they adequately meet the requirements of section 204, the separate review, certifications and reports required by this Circular and section 204 will not be required.

7. *Metropolitan review agencies.*—An areawide agency for every metropolitan area has been federally designated except in those cases where an areawide agency could not be identified. In such cases, the Governors of the States in which such areas are located have designated State government or other agencies to serve the purposes of section 204 until such time as areawide agencies are established. All initial Federal designations were made on an interim basis because of the limited time available for thoroughly evaluating the appropriateness of the designation, particularly in the case of agencies formed or reorganized in response to the requirements of section 204. In the event of changes in the designation of areawide agencies or of the boundaries of metropolitan areas, the Federal agencies having covered programs will be so notified.

8. *Reports and evaluations.*—Each Federal agency having programs covered by section 204 and this Circular will submit to the Director of the Bureau of the Budget by February 1, 1968, and periodically thereafter as the Director may request, a report on agency experience in administering this requirement. The reports will include the following information for each covered program for the period July 1, 1967, to January 1, 1968:

a. By metropolitan area:

(1) The number of projects submitted for comment to an areawide agency

and, in the case of applications made by a special purpose unit of local government, to a general purpose unit of local government.

(2) Nature of comments—number :

- (a) No response received.
- (b) "No comment" response.
- (c) Supportive of projects.
- (d) Critical of projects.

(3) Disposition of project applications carrying critical comments :

- (a) Resulted in project modification.
- (b) Resulted in project disapproval.
- (c) Project approved with no modifications due to comments.

(4) Evaluation of general quality and utility of comments.

b. Identification of problems encountered in the administration and implementation of section 204 and this Circular.

9. *Contact*.—Inquiries respecting section 204 and this Circular may be addressed to Office of Executive Management, Bureau of the Budget, or telephone 395 (Code 103)—3031.

PHILLIP S. HUGHES, *Acting Director*.

[Attachment A : Circular No. A-82, revised]

COVERAGE OF CIRCULAR

This Circular will cover those categories of land acquisition and construction projects and related planning in metropolitan areas, under the following programs, which the head of the administering department or agency determines, in consultation with the Bureau of the Budget, are of the types set forth under subsection (a) of section 204.

A. Open space land

- 1. Department of Housing and Urban Development (HUD)—Open space program (42 USC 1500-1500e)
- 2. Department of the Interior/Bureau of Outdoor Recreation—Outdoor recreation (16 USC 4601-4601-11)
- 3. Department of Transportation (DOT)/Federal Highway Administration—Landscaping and scenic enhancement (23 USC 319(b))
- 4. Department of Agriculture (USDA)/Soil Conservation Service—"Green-span" program (7 USC 1838(i) (j))

B. Hospitals

- 1. Department of Health, Education, and Welfare/Public Health Service (HEW/PHS)—Hill-Burton hospital and health facilities construction program (42 USC 291-291j)
- 2. HEW/PHS—Health research facilities construction (42 USC 292-292(i) as amended by P.L. 89-115)
- 3. HEW/PHS—Community mental retardation facilities and mental health centers construction (42 USC 291k, 295-295e, 2661-2665, 2671-2677, 2691-2696)
- 4. HEW/Vocational Rehabilitation Administration—Vocational rehabilitation facilities construction (P.L. 89-333)
- 5. HEW/PHS—Narcotic treatment center construction (P.L. 89-793, Title IV, Section 402)
- 6. Appalachian Regional Commission (ARC)—Health facilities construction (multi-county demonstrations) (40 USC App 202)
- 7. HUD—Hospital housing and other hospital facility loans (12 USC 1749)

C. Airports

DOT/Federal Aviation Agency—Airport planning and construction (49 U.S.C. 1101-1120)

D. Libraries

HEW/PHS—Construction of regional medical libraries (42 USC 280b-3)

E. Water supply and distribution

- 1. HUD—Basic water facilities construction (42 USC 3101-3108)
- 2. USDA/Farmers Home Administration—Rural water facilities construction (7 USC 1923(a))

F. Sewerage facilities and waste treatment

- 1. ARC—Sewage treatment works construction (40 USC App 212)

2. HEW/PHS—Solid waste disposal facilities construction (P.L. 89-272)
3. Department of the Interior/Federal Water Pollution Control Administration (FWPCA)—Waste treatment works construction (33 USC 466c-1)
4. USDA/Farmers Home Administration—Rural waste disposal facilities construction (7 USC 1926(a))
5. HUD—Basic sewer facilities construction (42 USC 3101-3108)

G. Highways

1. ARC—Appalachian development highway system (40 USC App 201)
2. DOT/Federal Highway Administration—Highway planning and development (23 USC)

H. Other transportation facilities

HUD—Urban mass transportation facilities construction (49 USC 1601-1604, 1607-1611)

I. Water development and land conservation

1. ARC—Mining area restoration (40 USC App 205)
2. Department of Defense/Army Corps of Engineers—Beach erosion control and flood prevention (33 USC 426-426h)
3. Department of the Interior/Bureau of Reclamation—Irrigation and reclamation (43 USC 421b, 421c, and 422a-k)
4. Department of the Interior/FWPCA—River basin pollution control and abatement planning (P.L. 89-753; 80 Stat. 1246-1254)
5. USDA/Soil Conservation Service—Watershed protection and flood prevention (16 USC 1001-1009; 58 Stat. 887), excluding investigations and surveys under the provisions of 16 USC 1006
6. USDA/Farmers Home Administration—Loans for soil and water conservation and shifts in land use (7 USC 608c)

J. Miscellaneous

1. HUD—Public facility loan program (42 USC 1491-1497)
2. HUD—Public works planning (40 USC 462)
3. HUD—Urban planning assistance (40 USC 461)
4. HUD—Advance acquisition of land (42 USC 3101-3108)
5. Department of Commerce/Economic Development Administration—Public works and development facilities loans and grants (42 USC 3131-3136, 3141-3143)
6. USDA/Farmers Home Administration and Soil Conservation Service—Rural renewal and resource conservation and development (7 USC 1010, 1011, 1013a)
7. USDA/Farmers Home Administration—Sewer and water planning (7 USC 1926(a)(6))

[Attachment B : Circular No. A-82, revised]

PROGRAMS COVERED BY SECTION 204 BY AGENCY

A. Department of Housing and Urban Development

1. Open space program.
2. Basic water and sewer facilities.
3. Urban mass transportation.
4. Public facility loans.
5. Public works planning.
6. Urban planning assistance.
7. Advance acquisition of land.
8. Hospital housing and other hospital facility loans.

B. Department of the Interior

1. Outdoor recreation.
2. Waste treatment facilities.
3. Irrigation and reclamation.
4. River basin pollution control and abatement.

C. Department of Transportation

1. Highway landscaping and scenic enhancement.
2. Highway development.
3. Airport planning and construction.

D. Department of Health, Education, and Welfare

1. Hill-Burton hospital and health facilities.
2. Health research facilities.
3. Community mental health facilities and centers.
4. Vocational rehabilitation facilities.
5. Regional medical libraries.
6. Solid waste disposal.
7. Narcotic treatment centers.

E. Department of Agriculture

1. "Greenspan" program.
2. Rural water and waste disposal facilities and planning.
3. Watershed protection and flood prevention.
4. Soil and water conservation loans.
5. Rural renewal and resource conservation and development.

F. Department of Commerce

Public works and economic development facilities.

G. Department of Defense

Beach erosion control and flood prevention.

H. Appalachian Regional Commission

1. Health facilities construction.
2. Sewage treatment works.
3. Appalachian development highway system.
4. Mining area restoration.

[Circular No. A-85]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 28, 1967.

To: The heads of executive departments and establishments.

Subject: Consultation with heads of State and local governments in development of Federal rules, regulations, standards, procedures, and guidelines.

1. *Purpose.*—In accordance with the Memorandum of the President dated November 11, 1966, on "Advice and Consultation with State and Local Officials" (copy attached), the purpose of this Circular is to afford chief executives of State and local governments a reasonable opportunity to comment on significant proposed Federal rules, regulations, standards, procedures, and guidelines (hereafter called regulation) applicable to Federal assistance programs. As an alternative to direct consultations, the Circular provides for assistance by the Advisory Commission on Intergovernmental Relations (ACIR) in arranging to obtain State and local advice and comment on such matters, in cooperation with State and local general government associations.

2. *Background.*—Federal agencies administering programs of assistance to State and local governments normally issue regulations under which the programs are administered. These regulations affect the conduct of State and local affairs, including management and organization, planning, program adjustments, and fiscal and administrative systems. Federal requirements may not be consistent among Federal agencies nor permit needed flexibility for State and local governments. To meet the President's objective of making certain that vital Federal assistance programs are made workable at the point of impact, heads of State and local governments should be afforded an opportunity to comment on Federal regulations prior to their issuance.

3. *Policies.*—Agencies will be guided, to the fullest practical extent consistent with Federal laws, by the following policies in developing regulations for administering programs of assistance to State and local governments.

a. The central coordinating role of heads of State and local governments, including their role of initiating and developing State and local programs, will be supported and strengthened.

b. Federal regulations should not encumber the heads of State and local governments in providing effective organizational and administrative arrangements and in developing planning, budgetary, and fiscal procedures responsive to needs.

c. Duplication of reporting requirements and controls which are established by State and local governments will be avoided, and Federal agencies should rely wherever possible on internal or independent audits performed at the State or local level as provided in Budget Circular No. A-73, dated August 4, 1965.

d. Except as may be required by law or special circumstances, agency regulations dealing with like matters (e.g., allowable costs, definitions of like terms, and procedures and information needed for determining eligibility in like cases) will be consistent both internally and with practices of other agencies.

4. *Coverage.*—This Circular applies to regulations and revisions thereof which implement a Federal assistance program that includes among its eligible recipients State or local governments or quasi-public agencies (e.g., public housing or urban renewal agencies) and directly affect—

- a. Interstate relationships;
- b. Intergovernmental relationships (e.g., State-local and interlocal);
- c. Types of eligible recipients;
- d. Designations of agencies within State or local government;
- e. Requirements affecting State or local personnel;
- f. Organizational, planning, or fiscal activities of State and other governments; or
- g. Roles and functions of heads of State or local governments.

5. *Procedures for informing State and local government associations of proposed new or revised regulations.*—

a. The issuing agency will provide to the ACIR a copy and a summary of the proposed regulation. As a norm, this should be done not less than 45 days before the intended date of promulgation. If special legal or other circumstances do not permit sufficient time for such notice and comment, the agency will advise the ACIR of the time available and provide at least a summary or abstract in lieu of the full draft text of the regulation.

b. The ACIR will promptly transmit copies of the agency materials to each of the following State and local government associations: National Governors' Conference, Council of State Governments, International City Managers' Association, National Association of Counties, National League of Cities, and United States Conference of Mayors.

c. Unless an earlier response is required, the State and local government associations desiring to comment will transmit their views within three weeks after receiving the summary, addressing comments to the Federal agency concerned through the ACIR.

d. If requested by either the Federal agency concerned or by a State or local government association, the ACIR will arrange a meeting between representatives of the agency and the association (along with State or local chief executives or their representatives, where desirable) to consider modifications of the proposed regulation.

e. The agency will supply a copy of the regulation, when published, to the ACIR.

f. To see that these provisions are carried out, each agency should promptly designate one responsible official, and inform the Bureau of the Budget and the ACIR as to the name of the official.

6. *Additional functions of the ACIR.*—

a. The ACIR is prepared to assist agencies in developing new regulations covered by this Circular and will assist in assuring that regulations dealing with like matters are consistent, as provided in paragraph 3(d).

b. By January 31 of each year, the ACIR will make a report to the Director of the Bureau of the Budget concerning operations under this Circular. Copies of the report will be furnished to each agency and to the associations representing general units of State and local government.

7. *General considerations.*—This circular deals with only one aspect of the President's policy on intergovernmental consultation: the development of regulations relating to Federal assistance programs. The Circular is not intended to limit the consultation process to this aspect of the intergovernmental problem. Well in advance of the stage of promulgating formal regulations, consultation should be pursued actively with heads of State and local governments; and to this extent the burden of consultation requirements will be spread instead of concentrated at the stage of issuing regulations.

It is not intended that all proposed regulations or revisions will be automatically channeled through the procedure called for in this Circular; no purpose would be served by creating congestion and delay. Judgment must be exercised by the agencies and by the State and local governments in applying the Circular;

selectivity will be needed in determining which substantive and administrative regulations are significant enough to be put through the consultation arrangements. As experience is gained, Federal agencies and State and local governments can be expected to work out a mutually productive system of consultation, with flexibility and room for judgment as to what is important.

The Circular is addressed primarily to new regulations or revisions of existing Federal regulations. However, agencies will give constructive consideration to requests from heads of State and local governments to review and revise regulations already in effect, and to consult with such officials on request.

8. *Effective date.* The provisions of this Circular become effective 30 days from the date of issuance.

CHARLES L. SCHULTZE, *Director.*

[Attachment : Circular No. A-85]

THE PRESIDENT'S MEMORANDUM TO HEADS OF CERTAIN FEDERAL AGENCIES
NOVEMBER 11, 1966

Memorandum from the President to: Secretary of Defense, Acting Attorney General, Secretary of the Interior, Secretary of Agriculture, Secretary of Commerce, Secretary of Labor, Secretary of Health, Education, and Welfare, Secretary of Housing and Urban Development, Director, Office of Economic Opportunity, Director, Office of Emergency Planning.

Subject: Advice and Consultation with State and local officials.

The basis of creative federalism is cooperation.

If Federal assistance programs to State and local governments are to achieve their goals, more is needed than money alone. Effective organization, management and administration are required at each level of government. These programs must be carried out jointly; therefore, they should be worked out and planned in a cooperative spirit with those chief officials of State, county and local governments who are answerable to their citizens.

To the fullest practical extent I want you to take steps to afford representatives of the Chief Executives of State and local government the opportunity to advise and consult in the development and execution of programs which directly affect the conduct of State and local affairs.

I believe these arrangements will greatly strengthen the Federal system at all levels. Our objective is to make certain that vital new Federal assistance programs are made workable at the point of impact.

I am asking the Director of the Bureau of the Budget to work with you, with the Advisory Commission on Intergovernmental Relations, and with the public interest groups representing State and local government in developing useful and productive arrangements to help carry out this policy.

Mr. HUGHES. Mr. Chairman, I would like to introduce Mr. James Frey, the Deputy Director of our Office of Legislative Reference. I should have done that earlier. He is here to share the burden with me.

Senator MUSKIE. We are delighted to have you with us, Mr. Frey.

Mr. FREY. Thank you.

Senator MUSKIE. There is a request I would like to make, Mr. Hughes. I suspect that after we have heard other testimony, we may want to check with you on certain points of the legislation.

Mr. HUGHES. I would be delighted.

Senator MUSKIE. I think many of those questions would be directed toward your statement on uniform relocation assistance. We have not really had an adequate opportunity to study that one.

Mr. HUGHES. Yes. I understand. It is a detailed matter and quite complicated.

(The statement follows:)

STATEMENT OF PHILLIP S. HUGHES, DEPUTY DIRECTOR, BUREAU OF THE BUDGET ON
TITLE VIII, UNIFORM RELOCATION ASSISTANCE

Title VIII of the bill would establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by Federal and federally assisted programs or by related activity

in public improvement programs. Title VIII states that this policy would be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

The House Public Works Committee's Select Subcommittee on Real Property Acquisition issued a staff report in 1965 which clearly documents the case that the Federal, State and local governments are falling far short of equity in treatment of those displaced by governmental programs. The Bureau of the Budget favors enactment of legislation which would minimize inequities which exist when land is acquired for use in a Federal or federally assisted program.

Generally, Title VIII would establish a workable, uniform system for fair and equitable treatment of individuals displaced by acquisition of real property in Federal and federally assisted programs. However, in an effort to improve the bill, we have a number of recommendations and also offer some technical suggestions.

Section 802(b) provides that under certain circumstances, a displaced person who moves or discontinues his business may elect to accept an optional payment of up to \$5,000. We understand that the intent of this optional payment is to cover both (1) the cost of moving and (2) a readjustment allowance payment to assist small businesses in making up for the economic impact of displacement. If this is in fact the intent, we recommend that *Section 802(b)* be revised to treat these two purposes more clearly by providing for two separate payments; one for actual moving expenses and one for economic readjustment. Accordingly, *Section 802(b)* should be amended as follows: Delete the first sentence in *Section 802(b)* beginning on line 19, page 33 "If" and ending on line 2, page 34 with "lesser." Substitute the following for this sentence: "In addition to the payment authorized by Subsection (a) of this section an additional payment is authorized for any displaced person who moves or discontinues his business provided the average annual net earnings of the business are less than \$10,000 per year. This payment shall be in an amount equal to the average annual net earnings of the business or \$2,500, whichever is the lesser."

Section 802(c)(3) provides that should a displaced person who moves from a dwelling select an optional payment in lieu of reimbursement for fair and reasonable expenses as provided by *802(a)*, he would receive \$300 in addition to the allowances provided by *802(c)(1)* and *802(c)(2)* if he purchases a dwelling for purpose of residence within one year from the date of actual displacement. This payment would be made only if the displaced person selects the optional payment. We would like to invite the Committee's consideration of whether or not this payment should also be made to a displaced person who elects to receive fair and reasonable relocation payments as provided by *Section 802(a)*.

The provisions of Title VIII fail to recognize the problem of the owner-occupant of real property which is acquired, but for which the fair market value paid is not sufficient to enable the previous owner to obtain a decent, safe and sanitary dwelling adequate in size to meet his needs. This most frequently occurs as a result of the private market no longer producing a significant volume of new housing in the price ranges comparable to that being acquired under Federal and federally-assisted programs. Accordingly, we invite the Committee's consideration of the following amendment to be inserted as subsection *802(f)*, with the present subsection (f) redesignated (g).

"(f)(1) In addition to amounts otherwise authorized, the head of such Federal agency may make a payment to the owner of real property which is acquired for the project and which is improved by a single- or two-family dwelling occupied by the owner for a period of not less than one year prior to the initiation of negotiations for the acquisition of such property. Such payment, not to exceed \$5,000, shall be an amount which, when added to the acquisition payment, equals the average price required for a decent, safe and sanitary dwelling of modest standards adequate in size to accommodate the displaced owner, reasonably accessible to public services and places of employment and available on the private market; *Provided*, that such payment shall be made only to a displaced owner who purchases and occupies a dwelling within one year subsequent to the date on which he is required to move from the dwelling acquired for the project.

"(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the prices prevailing in the locality for dwellings meeting the requirements of paragraph (1) above for all agencies making such payments."

Section 802(f) of the bill would make all functions performed under *Section 802* subject to the provisions of the Act of June 11, 1946 and judicial review. The Department of Justice and the major real property acquiring agencies advise that this provision would unnecessarily burden property acquiring agencies with the expense of making a record upon which defense of their determinations may be based and will add to the litigation load of the Department of Justice. Furthermore, it appears that under *Section 802(f)* only the publication, public inspection, and judicial review provisions of the Administrative Procedure Act would be applicable, although the "all functions performed under this section language carries the implication that administrative determinations must be made in accordance with all the requirements of the Administrative Procedure Act. In the latter circumstance the expense to agencies would be considerable, and delays in making payments would detract from some of the intended benefits of the bill.

The primary purpose of *Section 802(f)* is to give recognition to the principle that the payments authorized by *Section 802* should be viewed as rightful compensation of persons displaced by Federal programs. The need for this provision would appear to be more theoretical than practical. The Department of Defense advises that during 15 years it has administered thousands of applications for payments for relocation costs under its broad authority (10 U.S.C. 2680) with a negligible number of appeals from displaced individuals to the Department. We believe that the objective of this provision can be achieved by making clear that the provisions of *Section 802* as regards relocation payments would represent congressional policy and that the heads of agencies would be responsible for its faithful execution. For the language now in *Section 802(f)* we recommend substituting:

"Any person aggrieved by a determination as to eligibility for a payment authorized by this section, or the amount of a payment, may have his application reviewed by the head of the agency, whose determination shall be final, and no provision of this section shall be construed to give any person a cause of action in any court."

Section 803(a) of the bill provides for a relocation assistance program not only to individuals actually displaced from the acquired property but also to those who occupy property *adjacent* to the acquired property and who are caused substantial economic injury by the acquisition.

We believe it is impractical to determine where to stop Government assistance if indirect effects of Government acquisition are to be considered. For example, a business operating one block (or farther) from the property taken might be affected more than one adjacent to it. Suppliers or customers of businesses adjacent to such property may also be adversely affected if those businesses move or cease operations. Moreover, it would often be impossible to determine whether the decreased profits or losses suffered by an adjacent business were actually caused by the property acquisition or by other factors. We are convinced that aid to those indirectly affected should be confined to that generally available, such as loans and advisory services from the Small Business Administration or assistance under the Manpower Development Training Act. We therefore recommend that the balance of *Section 803(a)* beginning with "If the head of such agency" on line 18, page 38, be deleted.

Section 803(c) (2) would require Federal agencies to assure the availability of adequate substitute dwellings within a reasonable period of time prior to displacement. The last clause of *Section 803(c) (2)* provides for waiver of the assurance requirement in periods of national emergency proclaimed by the President. We believe that there may be other cases when it will be in the national interest to proceed with a land acquisition project even though the Government cannot assure comparable housing within an individual's financial means. For example, we have been advised by the Department of Defense that there have been a number of times when it has been necessary to acquire real property for urgent national defense purposes when the President has not formally proclaimed a period of national emergency. This situation arose during the Cuban crisis when it was necessary to obtain certain properties and thousands of cableline easements were urgently required for the installation of Minute Man Launching Sites and easements for the control of such launching for the protection of this Nation. Under the then existing world situation, any delay which would have resulted to enable assurance of housing could have resulted in incalculable dangers or risks.

There are other situations in addition to the national defense of the country when the Government must move swiftly to protect individuals or a community.

Some of these may be caused by natural disasters such as floods or earthquakes, or sometimes it has been our experience when excavations are made for the basement and piles are driven for the new building, large timber supporting footings of adjacent buildings are endangered. Such is the case surrounding the new Foley Square Courthouse, an office building in New York City, New York. We believe it is desirable to provide sufficient flexibility in the relocation requirements of the bill to enable a distinction to be made when circumstances similar to those described above may arise.

Therefore, we recommend revision of this section to provide that the President may provide by regulations situations when such assurances may be waived. This can be accomplished by deleting the balance of Section 803(c)(2) beginning with "such assurance" on line 18, page 39, and substituting the following: "the President may prescribe by regulation situations when such assurances may be waived; . . ."

Section 803(d) would make three changes in Section 7(b)(3) of the Small Business Act. Under the current law, small businesses are eligible for long term, low interest loans if they have suffered substantial economic injury as a result of displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government. Title VIII would extend this loan program (1) to cover not only small businesses displaced, but also non-displaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs but also by ". . . any other public improvement program . . ." and (3) to cover not only businesses injured by Federal or federally aided programs but also businesses injured by wholly State-run programs.

The Bureau of the Budget is opposed to these amendments to the Small Business Act. As noted in our comments on Section 803(a), we believe it is impractical to provide assistance to other than those who are actually displaced. Further, we do not believe it is appropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally assisted programs. Accordingly, we recommend that Section 803(d) be deleted.

Section 804 provides that when lands are acquired by a State agency for a Federal public improvement project, such acquisition shall be deemed to be an acquisition by the Federal agency having authority over the project for purposes of providing relocation payments, assistance and assurances. The staff report of the House Public Works Committee's Select Subcommittee on Real Property Acquisition included a bill with such a provision. That report states that the reason for this provision is to assure relocation assistance for individuals displaced when local interests provide the necessary lands for Federal projects, as in the case of flood control projects. The Corps of Engineers requires localities to furnish lands, easements, rights of way, and relocation of utilities in these and certain other water resource projects.

We agree with the intent of Section 804 to provide relocation assistance for displaced individuals in public improvement projects, as in the case of acquisitions of property by a Federal agency. However, when land is furnished incident to a Federal public improvement project, relocation should be the responsibility of the State agency as a prerequisite to the acceptance of the properties for project purposes. Relocation expenses should be considered an essential cost of the acquisition and borne by the party responsible for land acquisition.

In addition, we do not believe that the present arrangements for cost sharing should be disturbed because the study of the Water Resources Council (established by P.L. 89-80) on this subject is not complete. Pending the outcome of the Council study, present cost sharing arrangements should not be disturbed and the relocation expense should be considered part of the land acquisition cost for Federal public improvement projects and be borne by the local agencies.

Accordingly, we recommend that the following be substituted for Section 804:

"Sec. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, the Federal agency having authority over such project may only accept such property in those cases in which the acquiring State agency has made relocation payments, provided relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency, such payments and assistance to be considered a part of the real property acquisition cost."

Section 805 would authorize the President to make such rules and regulations determined necessary to carry out the provisions of the Act and also would pre-

scribe minimum legislative guidelines. *Section 805(a)(2)(A)* would limit reimbursement to actual and reasonable expenses in searching for a replacement farm to those individuals who are displaced from a farm operation. The Department of Defense advises that it has followed the policy of reimbursing persons in locating all types of replacement property and can find no reason to limit the reimbursement to farms. The General Services Administration also recommends reimbursement for searching for all types of replacement property. Accordingly, we recommend that this provision be amended on page 42, lines 5 and 6 by deleting "in the case of a farm operation," and on page 42, line 7 by substituting "property" for "farm".

Section 805(a)(2)(B) would authorize a payment to businesses and farm operations which dispose of their personal property and replace such at the new location. This payment would be made whether or not any expense is actually incurred by displaced persons. The Department of Defense, under its present authority to make relocation payments, only authorizes the payment of the difference between the sale price and the cost of comparable replacement property, but not in excess of the cost of moving the property, or its market value, whichever is less. Under the present language, the owner would be entitled to an amount equivalent to the full cost of moving irrespective of any difference between the disposal and replacement amounts. A displaced person who would dispose and replace personal property of a very low value, which is very bulky, heavy and costly to move might receive an unintended "windfall" if the present language remains in the bill. We believe that the present practice of the Department of Defense should be made applicable to all programs and we recommend that this provision be amended to read as follows:

"(B) if he disposes of personal property on moving his business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Section 807 details the requirements for approval of contracts or agreements. State agencies must meet for Federal financial assistance, the type of relocation payments and assistance to be provided, and how the program is to be financed.

Section 807(a)(2) requires State agencies to make fixed relocation payments in the same amount and under the same terms and conditions as are required to be made by a Federal agency by subsection 802 (b), (c), (d), and (e) of this title.

We believe there should also be authorized for federally assisted projects the payment for owner-occupants which we recommended as a new subsection 802(f). However, we understand that several States are considering legislation which would permit such payments as a part of the acquisition price under eminent domain rather than as a separately determined relocation payment. We believe this bill should prevent the possibility of double payment without, however, eliminating an area of experimentation. This can be accomplished by a provision prohibiting Federal assistance for a payment under this section if the owner-occupant receives a payment under state law which the head of the Federal agency determines to have the same purpose and effect and for which Federal assistance is available. Accordingly, we recommend the following language be inserted as subsection 807(a)(5):

"(5) A payment for owner-occupants under the same terms and conditions as are required to be made by Federal agencies by subsection 802(f) of this Act: *Provided*, That no such payment shall be required or included as a project cost under subsection 807(b) if the owner-occupant receives a payment required by the State law of eminent domain which is determined by the head of the Federal agency to have substantially the same purpose and effect as subsection 802(f) and to be part of the cost of the project for which Federal financial assistance is available."

Section 807(b) provides in the case of federally assisted projects that costs of relocation would be included in project costs and Federal financial assistance would be provided to the same extent as other project costs, except that the Federal agency would contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. The effect of the proposal would be to have the Federal Government assume almost all relocation payments.

We believe that relocation payments are an essential element of project cost and see no reason to exempt the first \$25,000 from the usual sharing requirements. Moreover, these relocation provisions will be administered by local agencies. They can be expected to administer the provisions more economically and efficiently if they are also required to bear the same portion of these costs as of other project

costs involved. We believe strongly that relocation payments should be shared as other project costs. Accordingly, we recommend that the comma after "project costs" on line 24, page 45, be changed to a period and the balance of the sentence on lines 24 and 25 of page 45 and 1 of page 46 be deleted.

We believe that a new section should be added to this title to provide for the effective date of this title. This amendment is necessary to provide sufficient time for the assignment of responsibility and for drafting of regulations for direct Federal programs and to allow State and local governments sufficient time to make necessary changes in their laws and possibly their constitutions to permit the agreements required as a condition of Federal aid. We recommend the new *Section 811* should read as follows:

"This Act shall become effective 180 days after enactment, except that Sections 807, 808, and 810(a) (4), (5), (6), (7), (8), (9), and (10) shall become effective three years after enactment; *Provided That*, commencing 180 days after enactment, the provisions of Sections 807 and 808 shall be applicable with respect to any contract, grant to, or agreement with a State agency, where such State agency is able under State law or local ordinance to agree to the requirements set out in Section 807(a) and the provisions of law governing relocation payments and assistance otherwise applicable to the provisions of Federal financial assistance to such State agency shall be superseded by this Act."

BUREAU OF THE BUDGET PROPOSED AMENDMENTS TO SECTIONS 903 (C) AND 904

Section 903(c).—Change the period at the end of the section to a comma and add as follows: "which determination of fair value and method used by the agency head shall be final and conclusive, **PROVIDED**, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer and release to the United States all his right, title and interest in and to such improvements; **PROVIDED FURTHER**, that no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law."

Section 904.—(1) On line 1 of Section 904(a) after "agency," delete "not later than" and substitute "as soon as practical after."

(2) On line 14 of subsection 904(a) (2), after "property" delete "; and" and add as follows: "provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the authorized Federal agency; and"

"Senator MUSKIE. The relocation provisions of this bill would be aimed at achieving uniformity.

Mr. HUGHES. Yes.

Senator MUSKIE. Across the board.

Mr. HUGHES. Yes.

Senator MUSKIE. I think as the problem is emerging, we ought to be considering whether or not, and I guess you do to some extent, the present level of assistance is adequate.

Mr. HUGHES. We have certainly considered that, and I think both the statement submitted for the record and the one which I presented do reflect some of that concern.

As your comment indicated, the practice among the agencies varies tremendously, because of differences in their own statutes and in their own traditions really. The evolution of a uniform policy and practice is probably at least as painful within the executive branch as it is in Congress. But we fully agree as to the desirability of that, and we believe the executive branch by and large agrees.

Part of the problem here, of course, is that magic numbers are very difficult to come by. What is adequate recognition of relocation costs? I am certain that the committee will wish to consider very carefully

whether we have underdone, or for that matter overdone our efforts to meet need in various areas. By and large I think the proposals that we have made involve a very substantial liberalization of relocation arrangements for the great majority of agencies involved.

Senator MUSKIE. I notice especially your recommendation that a lump sum of up to \$5,000 be added to the fair market value for homes, et cetera, in certain price categories. This is a move in that direction.

Mr. HUGHES. Yes.

Senator MUSKIE. I think it has been our attitude too much in the past as we buy up land for public purposes to try to get it as cheaply as we can at the expense of the people who are being displaced by this action. I think it really is unconscionable to expect them to bear the lion's share or a major share of the burden of public programs.

Mr. HUGHES. This has been a problem, I think, both in the relocation area, Mr. Chairman, and in the property acquisition area.

Senator MUSKIE. Yes.

Mr. HUGHES. The traditional posture of the Government in many ways has not been the posture of the sovereign. It has been a business posture, a hard bargaining posture. Obviously the Government needs to protect its own interests and the interests of the public at large. But it seemed to us as we dealt both with the problem of relocation and with the problem of acquisition of property, that the Government also has a responsibility to be fair and not to take advantage.

Senator MUSKIE. Or even to drive a hard bargain.

Mr. HUGHES. To drive a fair bargain.

Senator MUSKIE. To drive a fair bargain.

Mr. HUGHES. But not a hard bargain, that is correct. The Bureau of the Budget has a somewhat split personality on this matter.

Senator MUSKIE. I am sure you do.

Mr. HUGHES. The "one-price" comment which I made in the statement I think reflects some traditional agency concern in this area, and some of the agencies feel they are in kind of a logical dilemma. If they have started out negotiating at a fair price, why isn't that the price, and what is the use of bargaining, and so on. You can understand the difficulty.

Senator MUSKIE. Is there likely to be a problem of coordination among the departments and agencies with respect to their relocation activities? If so, how do you propose to handle it?

Mr. HUGHES. There have been some problems, Mr. Chairman, but we think we have it reasonably well in hand at this point. We have worked extensively with the agencies on this as well as on the property acquisition problem. They, too, understand the reasons why the Government should buy land for highways and pay relocation costs on the same terms and on the same set of principles as it busy areas for urban renewal or airports or Corps of Engineers project.

Senator MUSKIE. To summarize your position on this bill, your reservations and objections include: one, the consolidation of programs; two, the 5-year termination provision and the review of grants-in-aid section; and three, your recommendation as to the relocation section. That is about it, is it? Other than that, you support the bill?

Mr. HUGHES. I think that is substantially it, Mr. Chairman, yes, and even in those areas—relocation, and in the grant consolidation area, for example—we would like to work with you and the staff to see

if we can evolve techniques that would facilitate the processes. If we can do so, we certainly would be delighted.

Senator MUSKIE. We would be glad to work with you. The ideas embodied in the bill are in a sense over-simplifications that are attractive. But I think as we have worked with this we have learned that the oversimplified formula doesn't necessarily work. I think there is enough in the bill to commend itself to further effort on our part and yours to try to work this out.

Mr. HUGHES. I certainly agree, Mr. Chairman.

Senator MUSKIE. I think, then, that is all for this morning, Mr. Hughes.

Mr. HUGHES. Thank you, Mr. Chairman.

Senator MUSKIE. Thank you both very much.

We will be back to you, I am sure.

Mr. HUGHES. Thank you.

Senator MUSKIE. The committee will be recessed until 10 o'clock tomorrow morning.

(Whereupon, at 11:40 a.m. the subcommittee recessed to reconvene at 10 a.m., Friday, May 10, 1968.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

FRIDAY, MAY 10, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 3302, New Senate Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senators Muskie and Mundt.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The subcommittee will be in order.

Before we begin with our witnesses, without objection, we will include in the record a statement by Senator Jack Miller, of Iowa, who has been most interested in this legislation, first when he was a member of this subcommittee, and subsequently. We are happy to have his statement which will be included in the record.

(The statement follows:)

STATEMENT OF HON. JACK MILLER, A U.S. SENATOR FROM THE STATE OF IOWA

Mr. Chairman and members of the subcommittee, as a co-sponsor of the bill on which these hearings are being held, I wish to express a few viewpoints which may be helpful towards favorable consideration of this proposed legislation by the Subcommittee.

The main thrust of the bill as a whole is to provide for greater efficiency and effectiveness of the operation of the federal government in carrying out the mandates of Congress, particularly when other levels of government are involved.

One of the principal targets for improvement in environmental conditions for our people has to do with urban areas. There are many federal programs affecting urban areas and the people living there, but there is, as yet, no unified policy and guidelines for these programs; nor is there a mechanism to insure full coordination of these programs within the interested agencies of the federal government and between the various levels of government. We believe this legislation will fill this gap.

Our system of grants in aid from the federal government to the states and other levels of government has mushroomed without any particular attention to the need for consolidation and coordination to prevent duplication, overlapping, and obsolescence. Criticism that old programs never die, nor do they even fade away, is justifiable. Now, with our federal government in its worst financial stress since the 1930's how could there be a more appropriate time to establish a basis for review and consolidation of these many programs of grants in aid? The mechanisms for doing so are contained in this bill, and the decisions are left with the Congress—but in a manner which will help insure that Congress knows what it is doing. There isn't a Member of Congress who isn't concerned about the grants-in-aid thicket in which those we represent find themselves—

because we find ourselves in the thicket too. It is long past time to break out into the open and put order, priorities, and efficiency in what we have been doing.

No one in Congress intended hardship to result to individuals and businesses from our programs for redevelopment and renewal, but that is what has happened. Due to lack of uniform policy and procedures, not all individuals and businesses have been treated alike, and this is manifestly unfair. Not only should hardships be avoided or, at least, alleviated; but the treatment should be uniform. For the first time, adoption of this legislation will establish uniformity for the various federal and federally-assisted programs involving relocation of individuals and businesses. It is too late to rectify past mistakes, but it is not too late to prevent future mistakes—and there will be many with our ongoing programs unless action is taken now.

Whether one has supported some of these federal programs or not, each of us must be concerned that the people who are paying the bill receive maximum value for their tax money. Each of us must be concerned that maximum benefit goes to those for whom the legislation was intended. In its partnership with other levels of government, the federal government has a responsibility to serve as a model of efficiency, effectiveness, progress, and fairness. S. 698 will be most helpful in enabling us to meet that responsibility.

Senator MUSKIE. We shall proceed with this morning's witnesses. First, it is a pleasure to welcome the executive director of the Advisory Commission on Intergovernmental Relations, Mr. Colman, and his assistant, Mr. Walker. Mr. Walker, having been a member of this subcommittee staff in the past, should be in a position to enlighten us.

We are delighted to have you both with us this morning.

TESTIMONY OF WILLIAM G. COLMAN, EXECUTIVE DIRECTOR, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS; ACCOMPANIED BY DAVID B. WALKER, ASSISTANT DIRECTOR (GOVERNMENTAL STRUCTURE AND FUNCTIONS), AND ALBERT J. RICHTER, SENIOR ANALYST

Mr. COLMAN. Mr. Chairman, we have with us this morning Mr. Richter.

Senator MUSKIE. It is a pleasure to have you with us.

At this point, the record of the hearing will begin to acquire real meaning.

Mr. COLMAN. Thank you, Mr. Chairman. It is a pleasure to be here.

We have prepared for the use of the subcommittee a lengthy background statement. We have underlined the highlights of the statement. If it is your pleasure, Sir, I can read the highlights.

I am appearing on behalf of the chairman, Farris Bryant, and members of the Advisory Commission in support of the proposed "Intergovernmental Cooperation Act" and two related measures.

The "Intergovernmental Cooperation Act" is based on several of the most significant findings and recommendations for Federal action advanced by the Commission during the past 8 years. The measure, as a whole, was specifically endorsed by the Commission at its April 14, 1967, meeting.

Enactment of this legislation is of critical significance, since it comes to grips with several of the major management problems that plague effective Federal-State-local relations. Improved public administration is a prime prerequisite for improved intergovernmental relations and this legislation—in all of its titles—is geared to achieving this.

I shall skip title I, Mr. Chairman, since it deals with definitions.

Title II: title II seeks to coordinate and make more flexible certain standards and procedures governing financial, organizational, and other activities of State executive and other State officials, insofar as these activities are affected by Federal grant programs. The specific language of this title reflects the considerable attention given to it and amending action taken in 1966 by the House Subcommittee on Executive and Legislative Reorganization with respect to predecessor provisions.

The present title effects a number of basic changes in the administration of grants-in-aid to the States. Section 201 provides that Governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. This procedural innovation would assist Governors in preparing a more adequate budget and enable him to maintain more effective coordination over his executive departments and agencies. In a similar fashion, State legislatures would be assisted in their administrative oversight and fiscal functions.

Coordination of grant-in-aid programs is as critical a problem at the State level as it is at the Federal, and Governors have a major responsibility in this area. Yet many State chief executives are not in a position to assume this role. As of the beginning of this year, 46 States had established some form of liaison unit to coordinate Federal aid programs, but these units vary greatly in structure and power.

Clearly, progress has been made in overcoming the problem of agency bypassing of the Governor and much of this can be attributed to the impact of the conferences on Federal-State relations conducted by the Office of Emergency Planning in more than 40 States throughout 1967 and to the initiative of the Washington office of the National Governors' Conference. Nonetheless, the provisions of section 201 would formalize certain procedures which are now informal and establish as rights what now are privileges unknown to many State officials.

Section 202 of the measure rests on the assumption that there can be a proper accounting of Federal grant funds without the use of separate bank accounts. A few of the older grant statutes and some grant regulations stipulate that Federal moneys must be kept in separate bank accounts by State governments. To clarify the intent of this section, we recommend insertion of the phrase "or administrative regulation" after the word "law" on line 15, page 10, of the bill.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary.

Section 203 recognizes the merits of the letter-of-credit mechanism and seeks to give them the full force of law. It is geared to assuring that States will not draw on grant funds in advance of their program needs. At the same time, it does not seek to hold them accountable for interest or other income earned on any grant funds advanced, prior to their disbursement for program purposes. Effective, governmentwide implementation of this device should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislation requirements for a "single State agency," multi-member board or commission. One of the most critical needs in con-

temporary intergovernmental administration is recognition by all concerned that the States have varying administrative needs and capacities. This provision, namely section 204, in title II, clearly recognizes this fact and gives Federal and State administrators the kind of discretionary authority to cope with this hard fact of intergovernmental managerial life.

Title III: Title III of S. 698 seeks to strengthen the role of the traditional "services-in-aid" function in contemporary Federal-State-local relations. It permits Federal departments and agencies to provide specialized and technical services to State and local jurisdictions on a reimbursable basis.

During the 1965 hearings on the predecessor title, the question arose as to whether this authorization constituted a threat to various businesses in the private sector. It is our position that the language of section 302 provides ample safeguards against this potentiality. The hearings on S. 561 also raised the issue as to whether the Federal Government could ascertain accurately the "salaries and all computable overhead and indirect costs of performing such services"—as is stipulated in section 302. The point here, of course, is whether the Federal Government has an adequate procedure to assure fair, adequate, and complete assignment of costs. In this connection, we understand that the Bureau of the Budget, after having consulted with State and local officials, is about to issue a circular promulgating principles and standards for determining costs applicable to grants and contracts with State and local governments. If this is feasible in the grant-in-aid context, we believe that there is no reason that the same rules cannot be applied to the reverse situation contemplated by section 302, that is, to the provision of Federal technical services to State and local governments.

Title IV: This title establishes a coordinated intergovernmental policy for the planning and administration of Federal grants for urban development.

A special feature of our Federal system is that most types of domestic public services are administered by general local governments—cities, counties, and towns. Yet, special districts in the United States are growing at a rapid rate. From 1962 to 1967, these units experienced a 16-percent increase, reaching a total of more than 21,000. It is the Commission's belief that where Federal grant-in-aid legislation makes both special-purpose local governments and units of general local governments eligible to receive urban development loans and grants, Federal agencies should favor the latter, in absence of substantial reasons to the contrary. Section 402 of this title implements this goal.

Title V: Title V of S. 698 has a lengthy legislative history dating back to the 87th Congress. Strangely enough, there is still considerable confusion concerning the purposes and provisions of this title. Its basic purpose is to assure that new grant-in-aid programs will be revised and redirected, as necessary, to meet growing and changing needs which they were originally designed to support.

With reference to the 5-year termination provision in this title which has occasioned so much debate and little agreement, the following should be noted:

It obviously does not apply to those future grant-in-aid programs that would have a termination date.

It would not apply to grants wherein Congress had waived application of this termination provision.

It would apply only to those grants which Congress—for some reason or other—failed to designate as ongoing or short run programs.

As a technical matter and if the past is any guide, few grants-in-aid would be affected by this termination provision. Of the 30 major grant-in-aid enactments in 1966, only four contained no expiration provision (air pollution control maintenance, the nonfood assistance program under the Child Nutrition Act of 1966, the national trust historical preservation legislation, and assistance for housing in Alaska). Of the 17 enacted during the first session of the 90th Congress (1967), only one had no expiration provision (Meat Inspection Act). Finally, of the four passed thus far in this session, only one, (child welfare services under the social security amendments) lacks such a provision. We would like to submit for the record a list of grant-in-aid programs enacted during the period 1961–April 1968, showing the extent to which specific expiration dates have been provided. This table should allay the fears of those who view section 502 of S. 698 with alarm.

Title VI: This title constitutes an entirely new departure from the previous legislation and is designed to overcome the proliferation of Federal grant programs by authorizing the President to submit to Congress plans for the consolidation of individual categories within broad functional areas. Such authority would be subject to the type of congressional veto that presently applies to executive reorganization plans. It is almost superfluous, Mr. Chairman, to declare to this subcommittee that the proliferation of Federal grants has created serious fiscal and administration problems at all levels of government.

Some opponents of this “reorganizational plan approach” have contended that it involves an unconstitutional delegation of legislative authority to the executive branch. We are convinced—and various authorities support us—that the issues involved in this argument differ in no respect from those that apply to the Reorganization Act of 1949, as amended. Thus, far, the latter has been voted by Congress on seven different occasions and renewal is again pending. Congress’ action then, along with court cases upholding the validity of the act, clearly demonstrates the constitutionality of this device.

Title VII: Title VII amends the Federal Property and Administrative Services Act by stipulating a uniform procedure for the acquisition, use and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with local governments’ planning and land use goals.

Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets and other local governmental functions. At present, there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs that seek to strengthen local and areawide planning and land-use regulations.

Furthermore, the testimony on March 8, 1967 of Mr. Boyd L. Rasmussen, Director of Interior’s Bureau of Land Management, before the U.S. Senate Subcommittee on Public Lands of the Interior and Insular Affairs Committee would indicate that Bureau of Land Manage-

ment has found that the local land use planning requirements of the Public Sale Act of 1964 have produced salutary changes in Interior's land disposition program and afforded the Department major opportunities to strengthen intergovernmental relations in this functional area—an opportunity, it would seem, that the Department and the States and counties involved are using to good advantage.

Title VIII: This title establishes a uniform policy for the fair and equitable relocation of persons and businesses forced to move by Federal or federally assisted programs. With the exception of those provisions relating to land acquisition which are now covered by Title IX, Title VIII in this bill is identical to a separate bill which passed the Senate on July 22, 1966, but died in House committee.

The Advisory Commission considered the issue of Federal relocation policy in a report, approved in January 1965, on relocation: Unequal treatment of people and businesses displaced by governments. This report resulted in the subsequent introduction by you, Mr. Chairman, of S. 1681.

As already noted, the Commission's 1965 study found that the most serious inequities in Federal relocation policies arose because highway programs cause about one-third of the relocation problem and the level of highway assistance and payments is substantially below that of the major Federal displacing program—urban renewal. It is therefore significant that a special 1967 study on highway relocation assistance undertaken by the Department of Transportation pursuant to congressional mandate in Public Law 89-574 strongly corroborates the principal findings of the ACIR study.

Summing up the Commission's recommendations, they are precisely in accord with those in title VIII with respect to (a) uniformity among Federal and federally assisted programs concerning relocation payments and advisory assistance, (b) assurance of provision of a supply of standard housing for those displaced, (c) Federal reimbursement for relocation expenses in federally aided programs, and (d) Federal encouragement of coordination of relocation administration in major urban areas.

A relevant question is: What would be the cost to the Federal Government of the proposed provisions for relocation payments compared to the cost of present provisions? It is our very rough estimate that the cost to the Federal Government for fiscal year 1967 under title VIII of S. 698 would have been about \$79 million, compared to an estimated \$40 million cost under the relocation payments provisions existing at that time. Of the total increase of about \$39 million, about \$29 million is attributable to the highway program, resulting from extension of coverage from 33 (in fiscal year 1967) to 50 States, liberalization of relocation payments, and the proposed increase in the Federal share of relocation payments from 90 percent of interstate roads and 50 percent on primary and secondary roads up to 100 percent for all payments of \$25,000 or less. Another \$8 million of the total increase would be for the HUD programs, again reflecting liberalization of relocation payments provisions. The remainder of the estimated increase is accounted for by liberalized payments by the Army Corps of Engineers, and initiation of payments by four Federal agencies not now reimbursing for relocation expenses: GSA, the International Boundary and Water Commission, the Post Office Department, and TVA.

Title IX: This title of S. 698 establishes a uniform policy on land acquisition practices used in Federal and federally assisted development programs, and complements the previous relocation title.

Title IX of S. 698 incorporates the three land acquisition proposals that formerly appeared as section 10 of S. 1681, plus other land acquisition provisions adapted from sections 101-106 and 112 of S. 1201. (89th Congress.) In effect, this title represents the first attempt by the Federal Government to establish a uniform policy on land acquisition practices covering both Federal and federally assisted development programs.

The next portion of our statement deals, Mr. Chairman, with amendment No. 748 to S. 698, which recently was introduced by you, Mr. Chairman, dealing with "Accounting auditing, and reporting of grant-in-aid funds." This proposed new title would carry out a specific recommendation adopted by the Advisory Commission in its report on "Fiscal balance in the American Federal system" and we strongly urge its enactment.

A recent study by the State budget officers (NASBO) of Federal grant-in-aid requirements which impede State administration showed considerable dissatisfaction with the detailed, burdensome, and slow auditing and reporting procedures required by Federal grant programs. The variation between Federal and State requirements and among Federal requirements regarding frequency, classification systems, and methods of accounting were cited as creating particular problems. The excessively detailed reports on subprograms were mentioned by one State official who indicated that 54 individual fiscal reports must be prepared and filed regarding expenditures of funds under the Vocational Education Act at both State and local levels, taking weeks of staff time.

Although the difference in Federal program objectives, magnitude, and administrative arrangements can hardly be expected to yield completely to uniform reporting and accounting requirements, there remains the question of whether existing requirements are reasonable in their demands. Most State and local officials feel they are not and at least some Federal aid administrators agree.

In its recent report on "Fiscal balance in the American Federal system," the Advisory Commission adopted a three-pronged recommendation urging enactment of general legislation by the Congress applicable to grants-in-aid to the States whereby: (1) the Comptroller General would study and review the accounting and auditing systems of State Governments receiving Federal grants-in-aid and ascertain their general adequacy and integrity; (2) for those States meeting certified standards, the results of State audits of the expenditure of Federal grant funds would be accepted by Federal administrators in lieu of their own fiscal audits as long as the State accounting and auditing system continued to meet the prescribed standards; and (3) this authorization would be extended at the discretion of the Comptroller General to units of local government receiving sizeable grants directly from Federal agencies.

Concluding the discussion of the proposed new title, this new title seeks to develop new intergovernmental arrangements in the accounting and auditing field which would lead to a significant saving in time and energy and provide the basis for significant improvements in intergovernmental fiscal management without in any way shortcutting the

exercise of fiscal prudence and accountability at all levels of government.

We turn now to S. 2981, the final major topic that is covered in your hearings, Mr. Chairman. It is our understanding that S. 2981, The Joint Funding Simplification Act of 1968, has been referred to your subcommittee and that this measure is to be considered in these hearings. The Advisory Commission, in its fiscal balance report, recommended enactment by the Congress of this administration bill as an important means of modernizing the management of Federal assistance programs.

States and localities more and more are adopting a multifunctional, packaging approach to meet varying social and physical developmental needs. Yet presently, a State or local government in putting together an integrated program must apply separately, for example, for the educational component, welfare component, job training component, urban renewal component, and so on. Keeping the separate applications moving along in tandem frequently nearly becomes an exercise in administrative futility.

This bill seeks to remove or simplify administrative or technical requirements to permit a more flexible packaging approach to consideration, processing, approval, and administration of Federal assistance programs.

The Advisory Commission believes this joint funding approach is workable assuming it is reinforced with strong direction at the highest administrative levels in the executive branch and at the same time receives the dedication to cooperation from functional program administrators. We are convinced that initial implementing efforts—assuming the bill's enactment—should focus on the intradepartmental phase of this packaging problem, since the management hurdles in this area are far less difficult than those involving interdepartmental collaboration.

To conclude, Mr. Chairman, the Advisory Commission strongly supports passage of S. 698, the proposed Intergovernmental Cooperation Act including amendment No. 748, and we support the enactment of S. 2981.

These bills constitute a viable, vigorous, first response to many of the management muddles that plague contemporary intergovernmental relations. We support them. We urge their early enactment. And we offer the services of our staff to assist the subcommittee in whatever way is deemed appropriate to facilitate your deliberations.

Thank you, Mr. Chairman. That concludes our statement.

Senator MUSKIE. Thank you very much, Mr. Colman, for your excellent statement. I know the committee will be interested in studying not only that portion which you read, but the remainder of the statement.

(The complete statement follows:)

STATEMENT OF WM. G. COLMAN, EXECUTIVE DIRECTOR, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. Chairman and members of the committee, I am appearing on behalf of the Chairman, Farris Bryant, and members of the Advisory Commission in support of the proposed "intergovernmental Cooperation Act" and two related measures.

In 1959, as you well know, Mr. Chairman, the Congress established the Advisory Commission on Intergovernmental Relations and stipulated that in performing its primary function of developing and considering "ways and means of fostering

better relations between the levels of government" the Commission—among other things—should "provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental relations cooperation" and "give critical attention to the conditions and controls involving administration of Federal grant programs."

The "Intergovernmental Cooperation Act" is based on several of the most significant findings and recommendations for Federal action advanced by the Commission during the past eight years. The measure, as a whole, was specifically endorsed by the Commission at its April 14, 1967 meeting.

Enactment of this legislation is of critical significance, since it comes to grip with several of the major management problems that plague effective Federal-State-local relations. Improved public administration is a prime prerequisite for improved intergovernmental relations and this legislation—in all of its titles—is geared to achieving this. To put this legislation in its proper perspective, certain basic features of the contemporary grant-in-aid system should be noted:

The twin pressures of population growth and rapid urbanization have generated greater demands for more and better services traditionally provided by State and local governments. These, in turn, have triggered an expansion of Federal involvement in several domestic program areas—largely by means of the grant-in-aid device and quite heavily in recent years. From 1963 through the end of the last session of Congress, some 240 new grant-in-aid programs were enacted, bringing the total to over 400 separate categorical authorizations.

Grant-in-aid expenditures thus far have increased more than two and one-half times in this decade, rising from \$7 billion in fiscal year 1960 to an estimated \$18.3 billion for this fiscal year. All told, some \$98.3 billion in Federal aid has been dispersed to State and local jurisdictions during this nine year period.

This extraordinary expansion in the number and dollar amounts of grants-in-aid clearly signifies a greater acceptance of the partnership principle which undergirds this intergovernmental device. It also signifies a rejection of the centralizing, direct Federal Government-citizen relationship.

The extraordinary number and variety of grant programs, however, have led to serious problems of overlapping, fragmentation, information, and difficult management at all levels.

We know now that management is as important as legislative enactment. We also know that while executive orders, Budget Bureau circulars, and departmental changes in procedure can correct *some* of the difficulties in intergovernmental administration, other management headaches stem from statutory provisions, from uncertainty as to power of the Executive Branch in certain areas, and from the fact that the President needs extra authority to discharge his tough assignment as chief manager of the grant-in-aid system. We feel the proposed legislation advances sensible solutions to several of the pressing problems impeding improved intergovernmental administration.

The bill, as introduced, seeks reform in eight basic areas. In the subsequent discussion of its eight substantive titles, efforts will be made concerning those provisions that appeared in predecessor legislation (S. 561, the proposed "Intergovernmental Cooperation Act of 1966" and S. 1681, the proposed "Uniform Relocation Act of 1966"—89th Congress) to provide up-to-date background information regarding their relevance. The new titles in S. 698 (Titles VI and IX dealing with Presidential authority to submit consolidation proposals to Congress and with establishment of a uniform policy on land acquisition practices respectively) receive more extensive treatment.

Title I: Title I of the proposed legislation contains definitions of terms that are used frequently throughout the other titles and appears to be inadequate in all major respects, but one. The definition of "grant" or "grant-in-aid" in Section 106 was carefully drawn with particular reference to the needs of Title II, "Improved Administration of Grants-in-Aid to the States," and Title V, "Congressional Review of Federal Grants-in-Aid to States and to Local Units of Government" and specifically excludes certain types of Federal assistance, such as loans and loan guarantees that are relevant to the broader scope of Federal assistance involved in those titles that have been added to the original legislation: Title VI, "Consolidation of Grants-in-Aid Programs," Title VIII, "Uniform Relocation Assistance," and Title IX, "Uniform Land Acquisition Policy." To fill this definition gap, we suggest revising Section 107 to include a definition of the terms "Federal assistance," "Federal financial assistance," "Federal assistance programs," and "federally assisted programs," while at the same time

preserving the present Section 107's intent with respect to District of Columbia financial payments. The following language would implement this suggestion:

"FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

"SEC. 107. The term 'Federal assistance,' 'Federal financial assistance,' 'Federal assistance programs,' or 'federally assisted programs,' means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by Article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b)."

Appropriate revisions would be needed in Title VI to make this broader definition apply to consolidations authorized under this title, rather than the more narrow definition of grants-in-aid which appears in Section 106.

Title II: Title II seeks to coordinate and make more flexible certain standards and procedures governing financial, organizational, and other activities of State executives and other State officials, insofar as these activities are affected by Federal grant programs. The specific language of this title reflects the considerable attention given to it and amendatory action taken in 1966 by the House Subcommittee on Executive and Legislative Reorganization with respect to predecessor provisions.

The present title effects a number of basic changes in the administration of grants-in-aid to the States. Section 201 provides that governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. This procedural innovation would assist governors in preparing a more adequate budget and enable him to maintain more effective coordination over his executive departments and agencies. In a similar fashion, State legislatures would be assisted in their administrative oversight and fiscal functions.

Coordination of grant-in-aid programs is as critical a problem at the State level as it is at the Federal, and governors have a major responsibility in this area. Yet many State chief executives are not in a position to assume this role. Not all States, for example, require agencies to obtain the approval of the governor before entering into negotiations with Federal departments for grant programs. A 1965 survey indicated that in 18 States gubernatorial approval is required, while in 18 other States it was not. The situation varied in ten States, it was found, where approval was required in some instances but not in others. In the four remaining States, some other form of approval was stipulated.

As of the beginning of this year, 46 States had established some form of liaison unit to coordinate Federal aid programs, but these units vary greatly in structure and power. In Delaware, Georgia, and North Carolina, State planning agencies have been assigned this responsibility. In New York and Rhode Island, an interdepartmental committee has been established on a continuing basis to make studies and recommendations to the governor and legislature. In other States, including Connecticut, Illinois, Louisiana, Vermont, and Maine, the governors have designated an official in his office or in the Department of Administration to coordinate grant-in-aid activities. To complement these efforts, at least 13 States have established a Washington office.

Clearly, progress has been made in overcoming the problems of agency bypassing of the governor and much of this can be attributed to the impact of the conferences on Federal-State relations conducted by the Office of Emergency Planning in more than 40 States throughout 1967 and to the initiative of the Washington office of the National Governors' Conference. Nonetheless, the provisions of Section 201 would formalize certain procedures which are now informal and establish as rights what now are privileges unknown to many State officials.

Section 202 of the measure rests on the assumption that there can be a proper accounting of Federal grant funds without the use of separate bank accounts. A few of the older grant statutes and some grant regulations stipulate that Federal monies must be kept in separate bank accounts by State governments. Some States as a consequence maintain intricate systems of bank accounts for various Federal aid programs. With the development of modern accounting techniques, it is only necessary that the State maintain appropriate fund accounts which distinguish the balance that the State has received but not yet

earned. This section of S. 698 provides for the application of these principles to grants to States, while preserving the Federal Government's legitimate concern in seeing that all such grants are applied as intended and in receiving certain elementary facts with respect to the financial status of grant programs. To clarify the intent of this section, we recommend insertion of the phrase "or administrative regulation" after the word "law" on line 15, page 10, of the bill.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary. As was noted in the prior hearings on S. 561, the Department of the Treasury has already sought administratively to achieve this objective through its Departmental Circular No. 1075, issued on May 28, 1964. This circular was and is geared to establishing a letter-of-credit procedure which maintains funds in Treasury until needed by recipient jurisdictions and thus reducing interest costs. Advances for three to six months formerly made in several programs and still permitted in some have resulted in expenditures of money from the Federal Treasury before they were actually needed—with no concomitant advantage accruing to the Federal or State agencies concerned or to effective program implementation.

Lump sum advances at specified intervals now constitute a rather outmoded way of transmitting money from one jurisdiction to another—given the emergence of telegraphic transfers, sight drafts, and the letter-of-credit procedure. The Treasury circular recognizes this fact and pursuant to its procedures advances are limited to the minimum allowances that are necessary and are timed to coincide with the actual cost requirements of the recipient jurisdiction in carrying out the purposes of a grant program. This letter-of-credit device in and by itself does not insure against excessive withdrawals, as Treasury has recently discovered in its monitoring of the system. Yet it can and does provide a simple, uncomplicated way of getting payments for readily ascertainable short-term needs. It also precludes the necessity of trying to anticipate the requirements of longer time periods with the consequent tendency to overestimate.

Two problems, however, seem to have arisen thus far in administering this letter-of-credit procedures. First certain States, including among others Alabama, Arizona, California, Indiana, Kansas, Ohio, Oklahoma, Tennessee, and Massachusetts, appear to have legal fiscal requirements that impede application of the procedure to these jurisdictions. Second, certain of the Federal agencies using the device have not been fully aware of its basic purpose and have failed to institute an effective monitoring system. A special Federal Task Force on letter-of-credit procedure spearheaded by Treasury is now reviewing these and other related problems with a view toward overcoming these deficiencies. In short, the letter-of-credit procedure per se is no better than those using it, but with effective implementation it could become a vitally significant financial procedure for eliminating a continuing tension point in intergovernmental fiscal relations.

Section 203 recognizes the merits of this mechanism and seeks to give them the full force of law. It is geared to assuring that States will not draw on grant funds in advance of their program needs. At the same time, it does not seek to hold them accountable for interest or other income earned on any grant funds advanced, prior to their disbursement for program purposes. Effective, government-wide implementation of this device should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislative requirements for a "single State agency," multimember board, or commission. In 1965, we testified that "about one-third of the Federal grant-in-aid programs are governed by single State agency provisions" and "almost three-fourths of total Federal grant funds are disbursed under these provisions." A cursory examination of grant programs enacted since that time reveals that at least four of the newer programs, including the Narcotic Addiction and Alcoholism amendments, Regulation of Surface Mining Operations legislation, the Clean Air Act amendments, and the Meat Inspection Act, contain "single agency" provisions.

The merits of the single State agency requirement now appear to be largely historical. In the formative years of the public assistance, for example, the requirement was essential to bring order out of chaos in the existing, as well as newly emerging public assistance programs in the States. It was necessary then that the Federal agency have one and only one State agency to deal with in matters regarding public assistance and that this agency be held responsible

for administering these programs. With improved State administration of Federal aid programs however and the pressing contemporary need of the States to restructure their governmental organization in order to keep abreast of their added functions and responsibilities, the kind of flexibility permitted by Section 204 is of the utmost significance.

Rigid application of single agency requirements can tie up governors as well as State legislatures in their reorganization efforts. Moreover, given the increasing number of grant-in-aid programs which require "multidisciplinary" packaging approaches, a doctrinaire adherence to this requirement appears wholly archaic. Under this section, the head of the administering Federal department or agency is authorized to waive the requirement on request of a recipient State, if the department or agency is convinced that the proposed alternative administrative arrangement will not undermine the program objectives sought through the grant.

One of the most critical needs in contemporary intergovernmental administration is recognition by all concerned that the States have varying administrative needs and capacities. This provision, namely, section 204 in Title II clearly recognizes this fact and gives Federal and State administrators the kind of discretionary authority required to cope with this hard fact of intergovernmental managerial life.

Title III: Title III of S. 698 seeks to strengthen the role of the traditional "services-in-aid" function in contemporary Federal-State-local relations. It permits Federal departments and agencies to provide specialized and technical services to State and local jurisdictions on a reimbursable basis. A number of Federal departments and agencies already provide such services gratuitously or at cost as a consequence of specific Congressional authorization. The increasingly complex and technical nature of State and local governmental activities, along with the soaring costs of providing technical personnel and equipment, highlight the pressing need for this permissive provision.

During the 1965 hearings on the predecessor title; the question arose as to whether this authorization constituted a threat to various businesses in the private sector. It is our opinion that the language of Section 302 provides ample safeguards against this potentiality. The hearings on S. 561 also raised the issue as to whether the Federal Government could ascertain accurately the "salaries and all computable overhead and indirect costs of performing such services"—as is stipulated in Section 302. The point here, of course, is whether the Federal Government has an adequate procedure to assure fair, adequate, and complete assignment of costs. In this connection, we understand that the Bureau of the Budget, after having consulted with State and local officials, is about to issue a circular promulgating principles and standards for determining costs applicable to grants and contracts with State and local governments. If this is feasible in the grant-in-aid context, we believe that there is no reason that the same rules cannot be applied to the reverse situation contemplated by Section 302, that is to the provision of Federal technical services to State and local governments.

The discretionary power provided in this title would not affect the programs of those Federal agencies that have been authorized to provide special technical assistance, facilities, or consultation services without reimbursement. The "services-in-aid" policy stipulated is wholly permissive and requesting State or local agencies and the Federal agency involved would have to agree on the scope and costs of the services to be performed.

Title IV: This title establishes a coordinated intergovernmental policy for the planning and administration of Federal grants for urban development. With increasing urbanization, there has been a rapid growth in Federal funds and programs available for such development. The Commission, in its January 1964 report, *Impact of Federal Urban Development Programs on Local Government Organization and Plans*, identified some 43 separate Federal urban development grant and loan programs administered by 13 separate departments and agencies. An early 1966 survey put the figures at over 80 and the present figure probably falls somewhere in the vicinity of 120 (using DHUD estimates).

During the next fiscal year, approximately \$12 billion of the more than \$20 billion of total estimated Federal aid will be spent in standard metropolitan statistical areas, according to the Bureau of the Budget calculations. This represents a hike of about \$8 billion—or nearly 205 percent—over the comparable 1961 figure and a \$3 billion increase for the past three years. According to Department of Housing and Urban Development estimates, the total Federal financial commitment for FY 1969 for urban community and social development

assistance may well exceed the \$37 billion mark—or twice the 1961 level. These figures, it should be noted, are based on the projected extent of Federal financial obligations or commitments to communities of 2500 or more and include insurance and guaranteed loans.

The greatest growth in urban-oriented grants have occurred in the areas of education, housing and community development, and programs to better the position of the disadvantaged. They include grants that go directly to the local communities involved as well as those to States which subsequently are channeled to or benefit urban communities.

The need for coordination and improved intergovernmental relations is clearly greatest in our metropolitan areas where, according to the 1967 Census of Governments, the fragmentation and overlapping of governmental jurisdictions is accelerating. Title IV offers some procedures for assisting the various levels of government operating directly or indirectly in such areas to work together to solve common problems. It authorizes the President to establish government-wide guides for the formulation, evaluation, and review of Federal urban development programs and projects (Section 401). It also provides as a matter of Congressional policy, that agencies—to the maximum extent possible—will take into account all viewpoints—national, State, regional, and local—in the formulation and evaluation of such programs and projects (Section 401). Moreover, systematic planning required by several individual Federal-urban programs shall—again, to the extent possible—be coordinated with and made part of comprehensive local and areawide urban development planning (Section 401).

A special feature of our federal system is that most types of domestic public services are administered by general local governments—cities, counties, and towns. Yet, special districts in the United States are growing at a rapid rate. From 1962 to 1967, these units experienced a 16 percent increase, reaching a total of more than 21,000. It is the Commission's belief that where Federal grant-in-aid legislation makes both special purpose local governments and units of general local governments eligible to receive urban development loans and grants, Federal agencies should favor the latter, in absence of substantial reasons to the contrary. Section 402 of this title implements this goal.

Title V: Title V of S. 698 has a lengthy legislative history dating back to the 87th Congress. It provides a uniform policy and procedure for Congressional review of future grants-in-aid to States and local units of government. In those cases where no expiration date for grant authority is specified by law and where such grants are not specifically exempted from the provisions of Section 502, a five-year termination date is stipulated.

Strangely enough, there is still considerable confusion concerning the purposes and provisions of this title. Its basic purpose is to assure that new grant-in-aid programs will be revised and redirected, as necessary, to meet growing and changing needs which they were originally designed to support.

Grants-in-aid, as was noted at the outset, constitute the Federal Government's principal weapon for accomplishing national legislative goals in the domestic arena, while at the same time maximizing intergovernmental cooperation and reliance on grassroots of governmental administration. Yet, one perennial criticism made of Federal grant programs is that once established they tend to continue of their own accord without substantial modification, even when the circumstances that prompted their establishment have changed or disappeared. The need for systematic reassessment of grant-in-aid programs is especially important in a period of rapid urbanization and technological change, such as we are now experiencing.

The Advisory Commission in its report on Periodic Congressional Reassessment of Grants-in-Aid to State and Local Governments (1961), and the Joint Committee on Congressional Reorganization in one of its major findings clearly underscored the need for this title. As a matter of fact, it serves as excellent complementary legislation to Section 105 of the proposed Congressional Reorganization Act (S. 355 and H.R. 2595) which authorizes "review analysts" for each of the major standing committees of Congress.

With reference to the five-year termination provision in this title which has occasioned so much debate and little agreement, the following points should be noted:

It obviously does not apply to those future grant-in-aid programs that would have a termination date;

It would not apply to grants wherein Congress had waived application of this termination provision; and

It would apply only to those grants which Congress—for some reason or other—failed to designate as ongoing or short-run programs.

As a practical matter and if the past is any guide, few grants-in-aid would be affected by this termination provision. Our staff analysis of recently enacted grant programs indicates that Congress as a matter of course now provides expiration dates for almost all grant programs. Of the 41 enactments of new or expanded grant programs in 1965, all but three contained expiration or other limiting provisions (the three include: USDA's program for Water Works and Sewage Plants in Rural Areas, and two programs authorized by the Social Security Amendments of 1965). Of the 30 major grant-in-aid enactments in 1966, only four contained no expiration provision (Air Pollution Control Maintenance, the Nonfood Assistance program under the Child Nutrition Act of 1966, the National Trust Historical Preservation legislation, and Assistance for Housing in Alaska). Of the 17 enacted during the first session of the 90th Congress (1967), only one had no expiration provision (Meat Inspection Act). Finally, of the four passed thus far in this session, only one (Child Welfare Services under the Social Security Amendments) lacks such a provision. We would like to submit for the record a list of grant-in-aid programs enacted during the period 1961–April 1968, showing the extent to which specific expiration dates have been provided. This table should allay the fears of those who view Section 502 of S. 698 with alarm.

With reference to the final three sections of Title V we agree with the position taken earlier by the Bureau of the Budget and others that Section 504, which calls for studies by the Comptroller General of Federal grant-in-aid programs, would simply give greater focus to the efforts of GAO and would result in a better servicing of the needs of the reviewing committees. It is our belief that the Comptroller General now has the authority to undertake the mission assigned to him by this section. Similarly, the role assigned to the Advisory Commission on Intergovernmental Relations under Section 505, while creating possible budgetary problems, certainly is within the Commission's present mandate "to make available technical assistance to executive and legislative branches of the Federal Government in their review of proposed legislation to determine its overall effect on the federal system." The question raised in the 1965 hearings as to a possible conflict regarding the role of Federal executive members on the Commission appears to lack much substance, since any member of the Commission is always at liberty to dissent to or abstain from recommendations adopted by the majority. Finally, the GAO records and audit authority stipulated in Section 506 is simply in accord with good fiscal management practices. Most grant-in-aid legislation contains such provisions, but the general authority provided would remove any ambiguities concerning GAO's power in those few instances where it is lacking.

Title VI: This title constitutes an entirely new departure from the previous legislation and is designed to overcome the proliferation of Federal grant programs by authorizing the President to submit to Congress plans for the consolidation of individual categories within broad functional areas. Such authority would be subject to the type of Congressional veto that presently applies to executive reorganization plans.

It is almost superfluous, Mr. Chairman, to declare to this Subcommittee that the proliferation of Federal grants has created serious fiscal and administrative problems at all levels of government. Your "Creative Federalism" hearings as well as those of the Subcommittee on Executive and Legislative Reorganization clearly reveal the detrimental impact of such factors as the lack of information concerning sources of available funds, the overlapping and duplication among functional programs, and the inflexibility of many separate funds and requirements on capacity of both administrators and elected officials to effectively execute, coordinate and evaluate grant-in-aid programs.

Consolidation then is a top priority item on practically everybody's check list on how to strengthen the grant-in-aid system. Unfortunately, consolidation is far easier to orate about, than to achieve. Certain encouraging steps, however, have been taken at the Federal level to achieve greater rationality in the maze of programs by grant consolidations.

First, under the leadership of the Department of Health, Education, and Welfare, which administers approximately half of the grant programs, the Comprehensive Public Health Planning and Public Health Services amendments (Partnership in Health Act) were developed and subsequently enacted by Congress. This Act consolidates several previously separate categorical pro-

grams and established a single authorization, appropriation and set of requirements. Under it, the States are given considerable discretion in developing their own health services in light of their own special needs.

Second, President Johnson in his March 1967 message on "The Quality of Government" announced that he requested the Director of the Bureau of the Budget to review the range of Federal grant-in-aid programs to determine additional areas where consolidation should be taken. Pursuant to this Presidential directive, top level HEW officials have been working with the Bureau of the Budget in analyzing possibilities of further consolidations in HEW administered programs.

Third, this year two additional consolidating measures were introduced by the Administration for Congressional consideration: the proposed Partnership in Earning and Learning Act (S. 3099 and H.R. 15066) and the proposed Consolidation of the Educational Opportunity Grant, National Defense Student Loan, and Work Study Programs (Section 402 of S. 3098 and H.R. 15067).

To date then, grant consolidation has followed the normal course of the legislative process. A major rationale for this approach is that combining grants involves changing varying legislative requirements concerning allocation formulas, matching ratios, as well as the basic responsibility of Congress for determining the direction of Federal funds to achieve special and national objectives. The principal defects of this method are of a political and more practical nature. First, middle management administrators at both the State and Federal levels frequently are unfriendly to departmental efforts to consolidate programs which they administer. Second, special interests which usually attach themselves to the grant aided functions frequently set up political obstacles to Congressional efforts which threaten to upset the grant-in-aid status quo. Third, the practical problems imposed by the complexity and divergent program goals of the existing grant structure hinder the formulation and effective implementation of workable consolidations. These factors combine to hinder both departmental and Congressional endeavors to achieve grant consolidations through the normal legislative process.

The approach embodied in Title VI is geared to overcoming some of these obstacles. Under it, the President would submit grant consolidation plans to Congress under procedures similar to those used for administrative reorganization plans and this would place primary responsibility for this effort in the Executive Office of the President. A plan would become effective at the end of ninety (90) calendar days of continuous session of Congress following its transmittal, unless either House passed a resolution disapproving the proposed consolidation. Each plan would involve a consolidation of individual programs within the same functional area and would focus administrative responsibility in one Federal agency, specify the formula or formulas for making the grant, and describe the differences between the new formula and those under each of the previous individual programs.

Some opponents of this "reorganizational plan approach" have contended that it involves an unconstitutional delegation of legislative authority to the executive branch. We are convinced—and various authorities support us—that the issues involved in this argument differ in no respect from those that apply to the Reorganization Act of 1949, as amended. Thus far, the latter has been voted by Congress on seven different occasions and renewal is again pending. Congress' action then, along with court cases upholding the validity of the Act, clearly demonstrate the constitutionality of this device.

The Advisory Commission in its massive study of Fiscal Balance in the American Federal System recommended a drastic decrease in the number of separate authorizations for Federal grants and specifically sanctioned the method set forth in this title as a means of furthering this objective.

Title VII: Title VII amends the Federal Property and Administrative Services Act by stipulating a uniform procedure for acquisition, use and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with local governments' planning and land use goals. The U.S. Conference of Mayors and the National League of Cities have adopted specific resolutions calling for this title and it is wholly consistent with the findings and recommendations in the Commission's report on the Impact of Federal Urban Development Programs on Local Government Organization and Planning.

Under the provisions of this title, the GSA Administrator in disposing of Federal urban land holdings, shall, to the extent practicable, give advance notice to

the general local government having zoning and land use jurisdiction over the land involved in the proposed transaction. The Administrator is also directed to comply, to the extent possible, with the zoning and land-use regulations of the local government affected when acquiring or changing the use of any real property in urban areas.

Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets and other local governmental functions. At present there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs that seek to strengthen local and areawide planning and land-use regulations. The notice required in disposition proceedings would give local governments an opportunity to zone the use of such land in accordance with local comprehensive planning objectives. Moreover, the GSA Administrator in such proceedings, to the extent feasible, would furnish any prospective purchases with local planning information relating to zoning, land use, and other regulations which would be applicable to the use and development of the property offered for sale. In acquiring or changing the use of real property in urban areas, the Administrator, to the extent practicable, would consider all objections made by the affected local government relating to possible conflicts with its zoning regulations or planning objectives and GSA is required to comply with such regulations and objectives—to the extent he determines feasible. The language of this title clearly protects the Federal interest in these various proceedings. At the same time, due consideration is given to protecting the legitimate planning and land use objectives of urban local governments.

The thrust and even some of the language of this title closely resemble legislation enacted in the 88th Congress establishing similar procedures for sale or disposition of public lands by the Department of Interior (78 Stat. 986). The following excerpt from the regulations issued by the Department of Interior on this Act (*Federal Register*, February 20, 1965) demonstrate that the procedures established in Title VII of S. 698 are both practical and desirable:

"Disposal programs will be scheduled in a manner to make all actions consistent with established or proposed State or local governmental programs and with State, county, and other local governmental master and detailed plans. Disposals within the area of influence of growing communities will be deferred until local governmental master plans have been adopted and zoning regulations are in effect. However, in the absence of master plans, critical needs in such areas or influence may be met if such action appears proper to the authorized officer after consultation with the appropriate local planning and governing officials.

"No less than 90 days before offering for sale lands which have been classified for disposal under the act in accordance with the procedures in part 2410, the authorized officer will notify the head of the governing body of the political subdivision of the State having jurisdiction over zoning in the geographic area within which the lands are located, to afford that body an opportunity to zone the land for use in accordance with local planning and development."

Furthermore, the testimony on March 8, 1967 of Mr. Boyd L. Rasmussen, Director of Interior's Bureau of Land Management, before the U.S. Senate Subcommittee on Public Lands of the Interior and Insular Affairs Committee would indicate that Bureau of Land Management has found that the local land use planning requirements of the Public Sale Act of 1964 have produced salutary changes in Interior's land disposition program and afforded the Department major opportunities to strengthen intergovernmental relations in this functional area—an opportunity, it would seem, that the Department and the States and counties involved are using to good advantage.

Title VIII: This title establishes a uniform policy for the fair and equitable relocation of persons and businesses forced to move by Federal or federally assisted programs. With the exception of those provisions relating to land acquisition which are now covered by Title IX, Title VIII in this bill is identical to a separate bill which passed the Senate on July 22, 1966 but died in the House committee.

The Advisory Commission considered the issue of Federal relocation policy in a report, approved in January 1965, on Relocation: Unequal Treatment of People and Businesses Displaced by Governments. This report resulted in the subsequent introduction by you, Mr. Chairman, of S. 1681.

The Commission undertook the study of relocation when it became concerned over the reported lack of uniformity in relocation policies among and within the three levels of government and the resultant inequitable and inconsistent treatment of those displaced. It felt that the problem had clear intergovernmental

implications, particularly because the federally assisted urban renewal and highway programs cause most of the displacement nationwide, and the displacement occurs mainly in urban areas where intergovernmental relations are most critical.

The heart of the Commission's Relocation report was an analysis of governmental policies and practices in relocation current at that time at all three levels. A fundamental source of information was a questionnaire survey of the practices and policies of cities over 100,000 population conducted jointly in the summer of 1964 by the Commission and the U.S. Conference of Mayors. In addition, Commission staff worked closely with the staff of the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works.

The Commission found that governmental responsibility for helping displacees to relocate stems from two sources: (1) government's exercise of eminent domain in acquiring real property; and (2) its concern for the economic and social welfare of its citizens. Under the Constitutional doctrine of eminent domain in the United States, government can force people to sell their property. The property owner thus cannot refuse to sell if he believes the price offered is insufficient to compensate for all costs of reestablishing himself. Since the courts generally have limited compensation to the fair market value of the real property acquired, property owners and tenants must look to the legislature to be compensated for incidental costs not covered by the value of the real property taken.

Unlike property owners displaced by public acquisition, owners displaced by private acquisition can hold out for a sales price which will assure them compensation for the cost of resettling, as well as the value of their real property. Tenants in either case—public or private—have little protection. Lower income groups are usually renters and find it most difficult to rehouse and readjust.

Government for many years has had a policy of concern for the economic and social opportunities of its citizens. This concern logically should include the social and economic effects of forcible displacement, particularly at this juncture in time.

As a general principle, therefore, the Commission concluded that persons and businesses displaced by local, State, or Federal public works and other programs are entitled to assistance in relocating, and this entitlement extends to lessees and tenants as well as to owners of homes and business establishments.

Nine major findings arose from the Commission study:

It found that governmental displacement of persons and businesses is substantial, particularly with respect to the federally aided urban renewal, highway programs, and local code enforcement. Moreover, all indications are that the rate of displacement will continue to grow. Thus, it is noteworthy that while the House Select Subcommittee in 1964 estimated future annual displacement of families and individuals by highway departments at 36,770 and businesses and nonprofit organizations at 3,876, a 1967 study by the Department of Transportation estimated these annual figures for the period July 1967 through June 1970 would be 48,983 and 5,559, respectively.

The Commission discovered great inconsistencies in present provisions for relocation assistance. These inconsistencies are among different programs within the same level of government—local, State, and Federal—and among levels of government. They concern the amount and scope of relocation payments, advisory assistance, and assurance with respect to availability of standard housing. Nationwide, federally aided urban renewal and highway programs cause the most displacement. The urban renewal program makes the most comprehensive provision for relocation assistance, but relocation provisions of the highway program are appreciably less equitable.

The effect of the inconsistencies is felt most keenly in urban areas where programs of all kinds at all three levels of government most frequently come together—where different Federal and federally aided programs displace neighboring properties. A homeowner whose property is taken for a federally aided urban renewal project is entitled to moving costs up to \$200. His neighbor, whose property is taken for a federally aided highway program, is entitled to \$200, but only if the State has authorized it. As of April this year, 14 States had not authorized such payments, and even among the States that have, an appreciable number have not authorized payments up to the Federal limit, or not for tenants and lessees. A third homeowner in the same neighborhood may receive nothing at all if his property is taken by General Services Administration for an office building. Inconsistency in payment of business moving expenses is even greater since the Federal Aid Highway Act allows business moving expenses only up to \$3,000, whereas displacement by a federally aided urban renewal project entitles a business

owner to as much as \$25,000 for moving expenses. Displacement by GSA would be without compensation for moving costs.

The worst problem in relocating families and individuals is the shortage of standard substitute housing for low income groups.

Nonwhites have the most difficult relocation problem of all population groups. This comes from their generally lower economic and educational status; the impact of urban renewal and code enforcement programs on neighborhoods where they are concentrated; and public and private practices that restrict their access to housing.

Large families and the elderly present other special housing problems.

Among business displacees, small businesses, particularly those owned and operated by the elderly, are the main dislocation problem. The typical displaced small business is an independent commercial establishment, a partnership, or a proprietorship rather than a corporation. The elderly generally have less capital and find it more difficult to secure outside financing. They have little energy or spirit to resume business in a new location. Their problem is most serious when they operate their own business and depend on it for their livelihood. Their businesses are usually retail or personal service stores, dependent on long-developed neighborhood patronage.

Advisory assistance is of growing importance in the relocation process.

The relocation process often discloses the social and economic needs of displaced persons, and thereby offers a unique opportunity for helping less privileged social and economic groups.

Three years have elapsed since the Commission adopted this Report, but there has been little change in the basic conditions it criticized then. The consequences of inconsistency and inequity in relocation policies and practices have become worse, if anything, because of the continuing rise in displacements caused by governmental programs.

As already noted, the Commission's 1965 study found that the most serious inequities in Federal relocation policies arose because highway programs cause about one-third of the relocation problem and the level of highway assistance and payments is substantially below that of the major Federal displacing program—urban renewal. It is therefore significant that a special 1967 study on highway relocation assistance undertaken by the Department of Transportation pursuant to Congressional mandate in Public Law 89-574 strongly corroborates the principal findings of the ACIR study. The DOT study states, for example:

"As the highway program has moved forward with a desirable acceleration, the problem of relocation has become more and more aggravated and has affected more and more individuals and businesses. There is an urgent need to fashion a better solution to the urban relocation problem than has existed heretofore.

"This is not a problem peculiar to the highway program alone. It is equally as acute in urban renewal, public building, construction, reclamation projects, and other public improvement programs. In fact, to the extent possible, a generally uniform approach to the solution of the relocation assistance problem seems indicated."

In summarizing the results of consultations with urban officials throughout the country, the DOT report states:

"The problem most frequently mentioned at over 80 percent of the meetings was the disparity of moving cost payments allowed under urban renewal policy, Federal-aid highway policy, and State legislative policies.

"The second problem most frequently referred to was the lack of uniformity of the many relocation assistance procedures within the large urbanized areas. There were differences in payments, time element, administrative practices, planning, eligibility rules, etc.

"Still another problem mentioned was the low income of the minority groups displaced, which in turn created difficulty or in many cases inability to relocate to decent, safe, and sanitary housing units without welfare-type assistance . . .

"Uniformity in relocation procedures and moving payment was the most emphasized recommendation at the majority of the meetings. The lack of uniformity of the many governmental agencies created some bitterness and disillusionment in the large urban areas where several different programs were in operation at the same time."

The findings of the Commission's 1965 report are confirmed almost daily by reports in the news media of public confusion and outrage at inequitable relocation policies. In the *Portland Oregonian* of July 7, 1967, for example, there

appeared a story under the title "Businessmen Object to Sacrifice Freeways Demand," from which the following is a direct quote:

"... just as the Oregon State Highway Department has started buying up right-of-way, a new problem has arisen:

"Who will recompense the hundreds of small business establishments in its path?

"Homeowners, of course, can simply sell out and find another home with more or less degree of inconvenience or emotional impact.

"But what about a small business, with a clientele built up slowly over the years, and with little or no reserve capital stashed away?

"And what about the lost income this little business is bound to suffer through relocation?

"Even if the business could be moved—where to? A strictly zoned metropolitan city such as Portland offers few opportunities to find a suitable substitute location.

"These were the questions flung at State and federal politicians and bureaucrats alike by a small group of businessmen in Southeast Portland at a public meeting called to seek support for relocation compensation.

"A freeway project costing millions in tax money should not be allowed to bankrupt small businesses in its path," said Jack Jensen, owner of a dry cleaning establishment at 9543 SE Division St. . . .

"The state and federal agencies which finance and build the freeways pay only for the costs of moving the equipment to another location—and not very much at that, in most cases.

"The businessmen were told by state and federal representatives that this reimbursement for moving varied by statute from \$200 to \$3,000 maximum—no matter what the move cost.

"State Rep. Howard D. Willits, who was chairman of the meeting, commented that the politician frequently described the small business man as the backbone of the economy, especially during political campaigns, but when it came to protecting his interests in such cases of inequitable dislocations, he is woefully neglected.

"Adolph E. Susan, regional appraiser for the Federal Highway Administration (formerly Bureau of Public Roads) said it was indeed a deplorable situation and blamed it on the lawmakers who wrote the statutes allowing only reasonable and necessary moving expenses."

"He said he was sympathetic and he thought members of Congress were, but until the law was changed nothing but sympathy could be dispensed in the matter of compensation."

On the basis of its findings, the Advisory Commission on Intergovernmental Relations made 14 recommendations for local, State, and Federal action to meet the problems of persons displaced by governments. The recommendations fell under six major headings: (a) uniformity of relocation advisory assistance and payments; (b) assignment of responsibility for determining relocation payments; (c) assurance of the availability of standard housing for displaced people; (d) financing of relocation costs; (e) modification of related Federal programs to ease the relocation process; and (f) local organization, technical assistance, and planning for relocation. For Federal action, it recommended:

"1. That the Congress establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by direct Federal programs and by Federal grant-in-aid programs, and that the President direct that the necessary steps be taken to formulate regulations for carrying out such a policy.

"2. The Congress should require that State and local governments administering Federal grant programs assure the availability of standard housing before proceeding with any property acquisition that displaces people. This requirement should be at least comparable to that in Federal urban renewal legislation, assuring that (a) there is a feasible method for temporary relocation of displaced families and individuals, and that (b) there are or are being provided standard housing units within their financial means and in areas reasonably accessible to their places of employment.

"3. With respect to financing relocation payments under federally assisted programs, the full costs of payments to any person for relocating a family, and the costs of payments up to \$25,000 to any person relocating a business, should be completely reimbursed by the Federal Government; and the costs of business relocation payments in excess of that amount should be shared on the basis of the cost-sharing formula governing the particular program.

"4. The Small Business Administration Act should be broadened to authorize disaster loans to small business concerns (a) that suffer substantial economic injury as a result of a construction program conducted by State and local government, as well as one conducted by a Federal or federally aided program; or (b) that are adversely affected but not actually displaced by government property takings.

"5. The executive branch should: (a) authorize and encourage all Federal agencies causing displacements in urban areas to centralize in a single local agency in each major urban jurisdiction, through formal or informal agreement, responsibility for administering relocation planning, payments, and services; and (b) require all displacing agencies to give advance notice at the earliest practicable time to local units of general government of any construction programs which will cause displacement."

Title VIII of S. 698 would carry out these recommendations. Basically, it would establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by Federal direct and grant-in-aid programs. Thus, under Section 802, heads of Federal agencies are required to make relocation payments in direct Federal programs causing displacement, such as GSA, the Post Office Department, or the Defense Department, in accordance with regulations established by the President. Section 803 requires the same agencies to provide relocation assistance programs and specifies that these include (a) determining needs for assistance, (b) assuring the availability of standard housing within a reasonable period of time prior to displacement, (c) assisting businesses and farm operators in relocating, (d) supplying information regarding FHA, SBA, and other assistance programs, (e) helping in minimizing readjustment problems, and (f) coordinating relocation with other project activities and governmental activities in the community or nearby areas. This section also broadens the Small Business Administration Act to authorize disaster loans to small concerns that suffer substantial economic injury from construction conducted by State and local government or that are adversely affected but not actually displaced by government property takings.

Section 807 extends the requirements of Sections 802 and 803 with respect to payments and advisory assistance to federally assisted programs conducted by State and local governments.

Section 807(b) is in accord with the Commission recommendation that the Federal Government fully reimburse State and local governments for relocation payments up to \$25,000 in federally aided programs and on a formula cost-sharing basis for any portion above \$25,000 per displacement. The Federal reimbursement would be contingent on the State or local agency's agreeing to provide relocation payments and advisory assistance as prescribed by Federal law and regulations.

Finally, Section 805(c) follows the Commission recommendation that the executive branch encourage Federal agencies causing displacements in urban areas to centralize in each major urban jurisdiction responsibility for relocation administration. It provides that the President may require any Federal agency to carry out its relocation functions by entering into contracts or agreements with any State or local agency for use of its relocation facilities, personnel, and services.

To sum up, the Commission's recommendations are precisely in accord with those in Title VIII with respect to (a) uniformity among Federal and federally assisted programs concerning relocation payments and advisory assistance, (b) assurance of provision of a supply of standard housing for those displaced, (c) Federal reimbursement for relocation expenses in federally aided programs, and (d) Federal encouragement of coordination of relocation administration in major urban areas.

A relevant question is: What would be the cost to the Federal Government of the proposed provisions for relocation payments compared to the cost of present provisions? It is extremely difficult to make an estimate because of the lack of recent data on displacement of people and businesses by programs other than the HUD and highway programs, and on the number of displacees likely to be eligible for the \$1,000 adjustment payments for families and the \$1,000 and \$5,000 relocation payments for farmers and businesses, respectively. Within these limitations, it is our very rough estimate that the cost to the Federal Government for FY 1967 under Title VIII of S. 698 would have been about \$79 million, compared to an estimated \$40 million cost under the relocation payments provisions existing at that time. Of the total increase of about \$39 million, about \$29 million is

attributable to the highway program, resulting from extension of coverage from 33 (in FY 1967) to 50 States, liberalization of relocation payments, and the proposed increase in the Federal share of relocation payments from 90 percent of interstate roads and 50 percent on primary and secondary roads up to 100 percent for all payments of \$25,000 or less. Another \$8 million of the total increase would be for the HUD programs, again reflecting liberalization of relocation payments provisions. The remainder of the estimated increase is accounted for by liberalized payments by the Army Corps of Engineers, and initiation of payments by four Federal agencies not now reimbursing for relocation expenses: GSA, the International Boundary and Water Commission, the Post Office Department, and TVA.

In conclusion, we should note that in its report the Advisory Commission also urged States to adopt uniform relocation policies to govern strictly State-local activities. An increasing number of States in recent years have acted to establish consistent relocation practices within their borders, including the payment of relocation costs. As early as June 1964, the Pennsylvania legislature authorized payments of relocation moving costs as part of the State's first comprehensive eminent domain act applicable to all property takings by State and local agencies (Laws of Pennsylvania, Act No. 6, 1964). The Pennsylvania law provides that "just compensation" shall consist of the fair market value of the real property taken, plus such other damages as provided in the law. The latter include the following and are payable to both owners and tenants of real property: (1) reasonable expenses of removal, transportation, and installation of machinery, equipment, or fixtures, not to exceed \$25,000 and in no case to exceed the market value; (2) business dislocation damages, where it is shown that the business cannot be relocated without substantial loss of patronage—payments may be no more than \$5,000 and no less than \$250; (3) moving expenses for personal property other than machinery, equipment, or fixtures, not to exceed the market value of the personal property.

In 1965 the General Court of Massachusetts passed a law requiring payment of moving expenses of up to \$200 to families and individuals and up to \$3000 to businesses when displaced by agencies that exercise the power of eminent domain (Acts 1965, C. 790). Any proposed acquisition involving displacement of occupants of more than five dwelling units or more than five business units may not proceed until the central bureau of relocation in the State Department of Commerce and Development has approved a relocation agency and a relocation plan for the project. The relocation plan must include evidence of "the availability of safe, decent, sanitary housing and commercial buildings within the means of occupants to be displaced," and a program for relocation of the occupants.

In 1967, the New Jersey legislature passed an act (Public Laws 1967, C. 79) requiring any State agency or local government causing displacement to pay relocation costs of up to \$200 for individuals and families, \$3,000 for businesses and nonprofit organizations, and \$4,000 for farm operations. It assigned to the Commissioner of the Department of Community Affairs responsibility for certifying that displacing agencies have workable relocation assistance programs in effect before forcing anyone to move.

Last year, the Connecticut legislature created a Department of Community Affairs and assigned it important relocation responsibilities, including the administration of grants-in-aid for relocation payments made by localities (Public Act 522, Laws 1967, Sec. 24). The commissioner of the Department is authorized to give such aid to municipalities for relocation payments up to \$250 for any individual or family and up to \$25,000 for any business concern or farm.

Federal and federally assisted programs, however, cause the great bulk of relocation traceable to governmental action. It ill becomes the Federal Government then to lag behind the States in treating fairly those on whom it inflicts hardship by its many property taking activities. This is one more reason the Commission believes a uniform and equitable policy of relocation assistance as provided in Title VIII of S. 698 is long overdue.

Title IX: This title of S. 698 establishes a uniform policy on land acquisition practices used in Federal and federally assisted development programs, and complements the previous relocation title.

In recent years, there have been growing complaints concerning the equity of government agency land acquisition practices, the adequacy of traditional standards of compensation, and the sufficiency of assistance to persons adversely affected by Federal direct or federally assisted public improvement programs. These problems have been largely treated on a piecemeal basis, with consequent

inconsistency among areas covered and inequity for those not covered. As a result, bills were introduced in Congress as early as the 85th Congress proposing an independent commission to make a comprehensive study of all aspects of the land acquisition and relocation problems. One bill to establish such a commission was introduced in the 86th and 87th Congresses by Senator John Sparkman, then Chairman of the Housing Subcommittee of the Senate Banking and Currency Committee. The Bureau of the Budget supported the objective of the commission but suggested that the study be conducted within the legislative branch. This proposal was adopted when the House Committee on Public Works established the Select Subcommittee on Real Property Acquisition in 1961. After three years of intensive study, the Subcommittee in December 1964 filed its report, *Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in Federal and Federally Assisted Programs*. Its recommendations were introduced in the 89th Congress as S. 1201 by Senator Sparkman and in the House as H.R. 3421 (Johnson of California), H.R. 6559 (Bingham), and H.R. 6580 (St Germain).

Because of its provisions on relocation, S. 1201 was linked with S. 1681 and referred to this Subcommittee on Intergovernmental Relations, which held hearings on both bills in early summer, 1965. At the suggestion of the Bureau of the Budget, nearly every Federal agency which testified or submitted a statement requested more time to study the land acquisition provisions of S. 1201, so that attention was focused on the relocation provisions. S. 1681 eventually passed the Senate and included three land acquisition provisions paralleling subsections 402(1), 402(2), and 402(3) of the Housing Act of 1965, which also conformed to three provisions of Title I of S. 1201. Following Senate action on S. 1681, the Subcommittee on Intergovernmental Relations received detailed reports from the Bureau of the Budget and other agencies on the land acquisition provisions of S. 1201.

Title IX of S. 698 incorporates the three land acquisition proposals that formerly appeared as Section 10 of S. 1681, plus other land acquisition provisions adapted from Sections 101-106 and 112 of S. 1201. In effect, this title represents the first attempt by the Federal Government to establish a uniform policy on land acquisition practices covering both Federal and federally assisted development programs.

Section 901 establishes uniform standards to guide the land acquisition practices of Federal agencies. It requires that :

- every land acquisition agency make every reasonable effort to acquire property by negotiation rather than condemnation ;

- appraisals be made before initiation of negotiations ;

- the Federal agency establish a fair and reasonable purchase price before the start of negotiations and make a prompt offer to acquire at that price ;

- no owner be required to surrender possession of his property before the Federal agency pays the agreed purchase price or deposits with the court an amount not less than the appraised fair value or the amount of the condemnation award ;

- no occupant be required to move without at least 90 days' written notice ;

- the Federal agency permit a property owner to remove an improvement if it is not required by the agency ;

- tenants of property acquired by the government not be charged rent above a fair rental value ;

- Federal agencies not advance the time of condemnation or defer the condemnation or deposit of funds in order to pressure the owner to agree on a price for his property ;

- if property is to be acquired by eminent domain, the Federal agency institute formal condemnation proceedings ;

- if the acquisition of only part of a property would leave the owner with an uneconomic remnant, the Federal agency acquire the entire property ; and

- the Federal agency take into account human considerations in setting the boundaries of a proposed public improvement.

In brief, this section makes it clear that the Congress desires that public agency policies and procedures for the acquisition of real property should be fair and consistent, and should be directed to giving the property owner the full measure of compensation authorized by law promptly, with a minimum of inconvenience, and without forcing him to prolong negotiations or to costly litigation. Many Federal agencies adhere to some or most of these procedures and their reports on S. 1201 (89th Congress) indicated they could abide by all of the above.

Section 902 directs that "fair market value" be paid as compensation for purchase or condemnation. Section 903 requires that a Federal agency which takes land or an interest in land must take a similar interest in any improvement that is part of the real property. It also provides a uniform standard for determining whether a structure or other improvement is a part of the real property. Section 903 further provides for equal treatment of property owners and tenants with respect to buildings and structures on land taken.

Section 904 authorizes Federal agencies to reimburse property owners for reasonable and necessary expenses incidental to transferring title to real property to the United States. This recognizes the inequity in taking private property for public use and requiring the owner, who may be unwilling to sell, to incur expense in order to transfer title.

Section 905 applies to federally assisted programs key elements of the property acquisition policies and procedures for direct Federal programs set forth in Sections 901 through 904. Specifically, it states that State or local agencies may not receive Federal aid for acquisition of real property unless they agree to: acquire by negotiated purchase rather than condemnation when reasonably feasible; give ninety days' advance written notice to vacate; and establish a price before beginning negotiation and make a prompt offer to acquire the property at that full price. Further, beginning in 1970 such agreements must also include provision that the State agency: will pay the agreed purchase price, make available to the owner 75 percent of the appraised fair value of the property, or deposit or pay the final amount of the condemnation award; will disregard any decreases in market value caused by preliminary administrative actions or public announcements of a proposed public improvement; and will assure equal treatment of property owners and tenants in regard to improvements owned by the tenant. The latter effective date of this provision is in recognition of the fact that some State and local government agencies cannot legally or practicably comply without first obtaining appropriate authorizing legislation.

The requirements under Section 905 for preferring negotiation to condemnation, for ninety days' notice, and for prompt payment of the negotiated appraised or condemnation price, already apply to certain acquisitions financed by the Department of Housing and Urban Development pursuant to 1965 legislation, as noted earlier.

To grasp the significance of achieving a more uniform and fair property acquisition policy, one need only examine the anticipated annual scale of future property acquisitions under direct Federal and federally assisted programs, as estimated by the House Select Subcommittee on Real Property Acquisition in its 1964 report:

MAGNITUDE OF FUTURE PROPERTY ACQUISITIONS, ANNUAL BASIS (ESTIMATE)

	Acreage	Compensation payments	Ownerships
Direct Federal.....	1, 204, 700	\$214, 400, 000	30, 660
Federally assisted.....	523, 100	1, 403, 900, 000	152, 340
Total.....	1, 727, 800	1, 618, 300, 000	183, 000

The Advisory Commission on Intergovernmental Relations believes these figures argue eloquently for a serious effort by the Federal Government to bring order and equity to its property acquisition policies, and that Title IX, largely based on the exhaustive study of the House Select Subcommittee on Real Property Acquisition, is just such an effort. Not to be overlooked is the fact this title's provisions are essentially in accord with the reports of the Bureau of the Budget, Department of Defense, Department of Interior, and the General Services Administration on S. 1201 (89th Congress).

Amendment No. 748 to S. 698: Our testimony shifts at this point from S. 698 as introduced, to the proposed Amendment No. 748 just introduced by you, Mr. Chairman, which deals with "Accounting, Auditing, and Reporting of Grant-in-Aid Funds." This proposed new title would carry out a specific recommendation adopted by the Advisory Commission in its report on Fiscal Balance in the American Federal System and we strongly urge its enactment.

Federal agencies administering assistance programs are charged by Congress and by regulations of the Comptroller General with assuring the proper and

legal use of grant funds distributed to States and local governments. Furthermore, the General Accounting Office as part of its "spot" audit to ascertain the effectiveness of agency audits of Federal expenditures, also audits grant-in-aid expenditures at the State and local levels.

Adequate fiscal and program controls are an essential part of any assistance program. The government providing the assistance must be able to assure itself that funds are being legally spent for the purposes intended. Auditing procedures and financial reporting requirements are essential for this purpose. However, while meeting the necessities of adequate reporting and review, every effort should be made to avoid placing undue and time-consuming burdens on State and local program administrators. Surveys indicate that this latter goal is frequently not achieved.

A recent study by the State budget officers (NASBO) of Federal grant-in-aid requirements which impede State administration showed considerable dissatisfaction with the detailed, burdensome, and slow auditing and reporting procedures required by Federal grant programs. The variation between Federal and State requirements and among Federal requirements regarding frequency, classification systems, and methods of accounting were cited as creating particular problems. The excessively detailed reports on subprograms were mentioned by one State official who indicated that 54 individual fiscal reports must be prepared and filed regarding expenditures of funds under the Vocational Education Act at both State and local levels, taking weeks of staff time. Another official complained that the breakdowns requested are almost endless.

In the earlier survey of *The Federal System as Seen by State and Local Officials*, your Subcommittee, Mr. Chairman, found that half of the respondents indicated that variations among the Federal agencies reporting and accounting requirements and differences between Federal and State requirements had caused difficulties in administering grants-in-aid. As one Governor stated it:

"Many Federal agencies ignore the States' basic accounting system and the controls therein, making it necessary for State operating agencies to keep double sets of books for Federal audit purposes. Some Federal agencies go to the extent of almost complete voucher-by-voucher audit and at times demand that accounting be done by a "Federal" standard which in essence is not Federal as such but peculiar to the needs of the specific agency concerned. Overall, an overwhelming number of the State and local officials indicated that legislation was needed to achieve more uniform accounting and auditing procedures among Federal grant programs."

On the other hand in the subsequent Subcommittee report entitled *The Federal System as Seen by Federal Aid Officials*, it was reported that a majority of Federal program administrators responding felt that the variations in auditing requirements cause no difficulties in the State and local administration of their respective programs. A sizeable majority rejected the proposal that the post-audit of aid programs might be dispensed with where a State's post-audit system met standards the Comptroller General set down. In addition a comparable proportion disputed the need for more uniform auditing and accounting procedures for all grant-in-aid programs.

Although the difference in Federal program objectives, magnitude, and administrative arrangements can hardly be expected to yield completely to uniform reporting and accounting requirements, there remains the question of whether existing requirements are reasonable in their demands. Most State and local officials feel they are not and at least some Federal aid administrators agree.

In its recent report on *Fiscal Balance in the American Federal System* the Advisory Commission adopted a three-pronged recommendation urging enactment of general legislation by the Congress applicable to grants-in-aid to the States whereby: (1) the Comptroller General would study and review the accounting and auditing systems of State governments receiving Federal grants-in-aid and ascertain their general adequacy and integrity; (2) for those States meeting certified standards, the results of State audits of the expenditure of Federal grant funds would be accepted by Federal administrators in lieu of their own fiscal audits as long as the State accounting and auditing system continued to meet the prescribed standards; and (3) this authorization would be extended at the discretion of the Comptroller General to units of local government receiving sizeable grants directly from Federal agencies.

The proposed new title includes provisions designed to facilitate the simplification and standardization of financial auditing and reporting requirements in Federal grant-in-aid programs. Its second section provides the President with sufficient authority to achieve greater consistency, simplicity and order in an

area of grants-in-aid financial reporting—an area only beginning to be recognized as a serious intergovernmental fiscal management problem. It authorizes the President to promulgate rules and regulations simplifying financial reporting requirements of Federal grants-in-aid and, to the extent feasible, making them more uniform.

The new title's third section provides the basis for constructive efforts to avoid unnecessary duplication and time-consuming fiscal management procedures at the Federal level and establishes a basis for accepting State and local accounting and auditing systems that meet acceptable standards. The Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget are directed to conduct a joint study of the principles, standards, and related requirements of executive agencies governing the accounting and auditing of Federal grants-in-aid. They are to identify ways and means of developing government-wide accounting and auditing procedures to foster greater cooperation and coordination among the financial management officials of all levels of government. This assignment, in effect, is already theirs under the Budget and Accounting Act of 1950 and we understand a Task Force is being established to look into these issues.

The Comptroller General under this third section is directed to study and review the accounting and auditing systems of the States and their political subdivisions in order to determine their adequacy and effectiveness in light of the principles and standards prescribed by him. After consulting with the Secretary of Treasury and the Director of the Budget and considering statutory requirements and the needs of administering Federal agencies, the Comptroller General is authorized to prescribe rules and regulations permitting such agencies to substitute the accounting and auditing systems of State and local governments when they meet prescribed standards.

This proposed new title seeks to develop new intergovernmental arrangements in the accounting and auditing field which would lead to a significant saving in time and energy and provide the basis for significant improvements in intergovernmental fiscal management—without in any way shortcutting the exercise of fiscal prudence and accountability at all levels of government.

We turn now to S. 2981, the final major topic that is covered in your hearings, Mr. Chairman.

It is our understanding that S. 2981, "The Joint Funding Simplification Act of 1968," has been referred to your Subcommittee and that this measure is to be considered in these hearings. The Advisory Commission, in its *Fiscal Balance* report, recommended enactment by the Congress of this Administration bill as an important means of modernizing the management of Federal assistance programs.

States and localities more and more are adopting a "multifunctional," "packaging" approach to meet varying social and physical developmental needs. Yet presently, a State or local government in putting together an integrated program must apply separately, for example, for the educational component, welfare component, job training component, urban renewal component, and so on. Keeping the separate applications moving along in tandem frequently nearly becomes an exercise in administrative futility. The applicant State or local community may find part of its components approved and other suspended in a morass of administrative and fiscal uncertainty, because of competition within certain funding sectors. This bill seeks to remove or simplify administrative or technical requirements to permit a more flexible "package" approach to consideration, processing, approval, and administration of Federal Assistance programs.

S. 2981 would accomplish this by (1) authorizing waiver or modification of certain statutory procedural requirements; (2) permitting agency heads to delegate the approval and administration of Federal assistance programs to other agencies; (3) providing for a special fund in each agency to finance joint projects; (4) describing ways Federal agency heads can foster joint projects; and (5) authorizing the President to establish implementing standards and procedures. The proposal would not change, with certain exceptions, substantive provisions of law governing assistance programs, such as eligibility criteria, matching ratios, and apportionment formulas.

The Advisory Commission believes this joint funding approach is workable assuming it is reinforced with strong direction at the highest administrative levels in the Executive Branch and at the same time receives the dedication to cooperate from functional program administrators. We are convinced that

initial implementing efforts—assuming the bill's enactment—should focus on the intradepartmental phase of this “packaging problem,” since the management hurdles in this area are far less difficult than those involving interdepartmental collaboration.

To conclude, Mr. Chairman, the Advisory Commission strongly supports passage of S. 698, the proposed “Intergovernmental Cooperation Act” including Amendment No. 748 and we support the enactment of S. 2981.

We endorse these measures, because we accept the intrinsic worth of the existing grant-in-aid system. But we know that it is in desperate need of modernization. The underlying thrust of all the legislation before you is geared to achieving much of this needed reform. Improved intergovernmental management is as critical a factor today in improving Federal-State-local relations as any other. Yet, better intergovernmental administration is as difficult a subject to dramatize and to achieve action on—as any we know. Prompt, decisive and meaningful action must be taken, however, if American Federalism is to survive the many public service burdens now thrust upon it.

These bills constitute a viable, vigorous, first response to many of the management muddles that plague contemporary intergovernmental relations. We support them. We urge their early enactment. And we offer the services of our staff to assist the Subcommittee in whatever way is deemed appropriate to facilitate your deliberations.

Mr. COLMAN. We have this table, Mr. Chairman, that I mentioned to submit for the record.

Senator MUSKIE. It will be included in the record.

How many programs in all over this period did not have a termination date?

Mr. COLMAN. Well, over the entire period, it would appear that only eight out of about 60 enactments did not have a termination date.

Senator MUSKIE. I asked the Bureau of the Budget yesterday for this information, and you provide the answer today. That is quick service.

Mr. COLMAN. Thank you.

(The table referred to follows:)

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS ENACTED SINCE 1961)

Program (established during period 1961-68)	Year established	Federal department or agency currently administering program	Limiting provision
Area redevelopment.....	1961	Commerce.....	All authority under the Area Redevelopment Act expired June 30, 1965 (enacted for 5 years).
Community health services particularly for the chronically ill and aged.	1961	Health, Education, and Welfare..	1967 (for both formula grants and project grants).
Mass transportation demonstration projects.	1961	Housing and Urban Development.	An expiration date is not specified but the aggregate of grants may not exceed \$25,000,000 (included within the limit on urban renewal capital grants).
Open space land preservation.....	1961	do.....	An expiration date is not specified but the aggregate of grants may not exceed \$21,000,000.
Public works acceleration.....	1962	Commerce.....	An expiration date is not specified but the appropriation is for an aggregate sum not to exceed \$900,000,000.
Services for agricultural migratory workers.	1962	Health, Education, and Welfare..	1968 (the last appropriation was for fiscal 1965).
Intensive community vaccination programs.	1962	do.....	1963.
Educational television broadcasting facilities.	1962	do.....	1967 (enacted for 5 years).

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS
ENACTED SINCE 1961)—Continued

Program (established during period 1961-68)	Year es- tablished	Federal department or agency currently administering program	Limiting provision
Manpower development and training.....	1962	Labor.....	Authorization to make agree- ments with States will expire June 30, 1969; and authority to disburse Federal grants will expire Dec. 30, 1969.
Maternal and child health services, special project.	1963	Health, Education, and Welfare..	1968 (for special projects for maternity and infant care only).
Mental retardation planning.....	1963	do.....	A 1-time grant for fiscal years 1964, 1965.
Mental retardation facilities (community facilities).	1963	do.....	1968, Community facilities (enacted for 4 years beginning with fiscal year 1965).
Vocational education originally enacted in 1917. Program expanded and im- proved in 1963.	1963	do.....	No limitation on authorization. However, the 1963 act re- quires appointment of an advisory council to review the program and its administra- tion and to make recom- mendations to the President and Congress not later than Jan. 1, 1968. Similar councils are required thereafter at intervals of not more than 5 years. Occupational training in redevelopment areas— authority under the Area Redevelopment Act (in which this provision is included) expires June 30, 1965. Residential vocational educa- tion schools—1968 work- study programs—1968.
Construction of teaching facilities for medical, dental, and other health personnel.	1963	do.....	1969.
Agricultural experimental station re- search facilities.	1963	Agriculture.....	No expiration.
Higher Education Facilities Act.....	1963	Health, Education, and Welfare..	5 years.
Air pollution control.....	1963	do.....	1967.
Water Resources Research Center.....	1964	Interior.....	1974. 10-year limitation on title II. Additional water re- sources research programs only.
Mass transportation systems.....	1964	Housing and Urban Develop- ment.	1968. Appropriations remain available until they are ex- pend (enacted for 3 years).
Library construction (new) and library services (extension to urban areas).	1964	Health, Education, and Welfare..	1966.
Commercial fishery research.....	1964	Interior.....	1969.
Hospital and medical facilities amend- ment (construction and moderniza- tion).	1964	Health, Education, and Welfare..	1969.
Economic Opportunity Act.....	1964	OEC.....	4 years.
Graduate public health training project grants.	1964	Health, Education, and Welfare..	6 years.
Food Stamp Act.....	1964	Agriculture.....	3 years.
Housing Act amendments:			
(a) Urban renewal code enforce- ment.	1964	Housing and Urban Develop- ment.	1965.
(b) Rural housing low-rent domes- tic farm labor housing.	1964	do.....	1965.
(c) Training and fellowship pro- gram.	1964	do.....	3 years.
Land and Water Conservation Fund Act..	1964	Interior.....	No expiration.
Nurses Training:			
(a) Construction.....	1964	Health, Education, and Welfare..	4 years.
(b) Scholarships.....	1964	do.....	5 years.
Historic documents.....	1964	General Services Administra- tion.	Do.
Appalachian Regional Development Act..	1965	Appalachian Regional Develop- ment Commission.	6 years.

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS ENACTED SINCE 1961)—Continued

Program (established during period 1961-68)	Year established	Federal department or agency currently administering program	Limiting provision
Elementary and secondary education:			
(a) Education of children of low-income families.	1965	Health, Education, and Welfare	1968.
(b) School library resources, textbooks, and other instructional materials.	1965	do	5 years.
(c) Supplementary educational centers.	1965	do	Do.
(d) Regional facilities for educational research and related purposes.	1965	do	1970.
(e) Strengthening of State departments of education.	1965	do	5 years.
Older American's Act	1965	do	Do.
Water resources planning	1965	Water Resources Council	1976.
Health of school and preschool children	1965	Health, Education, and Welfare	1970.
Community mental health centers—initial personnel costs.	1965	do	1972 (grants made after June 30, 1968 will be available only for centers or services for which a grant was made before that date).
Housing and Urban Development Act of 1965:			
(a) Basic water and sewer facilities	1965	Housing and Urban Development.	1969.
(b) Neighborhood facilities	1965	do	1969.
(c) Advance acquisition of land	1965	do	1969.
(d) Open space land buildup urban areas.	1965	do	An expiration date is not specified but the aggregate of grants may not exceed \$64,000,000.
(e) Urban beautification and improvement.	1965	do	An expiration date is not specified but the aggregate of grants may not exceed \$36,000,000.
Public Works and Economic Development Act:			
(a) Public works and development facilities.	1965	Commerce	1969.
(b) Technical assistance, research, and information.	1965	do	1970.
(c) Economic development districts	1965	do	1969.
(d) Regional action planning commissions.	1965	do	1969.
State technical assistance to commerce and industry.	1965	do	1968.
Law enforcement assistance	1965	Justice	3 years.
Arts and humanities	1965	National Foundation on Arts and Humanities.	1968.
Water pollution research and development.	1965	Health, Education, and Welfare.	1969.
Heart disease, cancer, and stroke	1965	do	1968.
Construction of waterworks and sewage disposal plants in rural areas.	1965	Agriculture	No expiration.
Solid waste disposal	1965	Health, Education, and Welfare	1969.
Highway beautification	1965	Commerce	1967.
Improvement of training facilities for medical, dental, and other health personnel.	1965	Health, Education, and Welfare	1969.
Medical libraries	1965	do	1970.
Higher Education Act of 1965:			
(a) Community service and continuing education.	1965	do	5 years.
(b) College libraries	1965	do	Do.
(c) Strengthening developing institutions.	1965	do	1966.
(d) Improvement of undergraduate instruction.	1965	do	5 years.
Vocational rehabilitation originally enacted in 1920. Program expanded and improved in 1965:			
(a) Vocational rehabilitation services generally.	1965	do	1968.
(b) Planning comprehensive programs.	1965	do	3 years.
(c) Planning and initiating special programs.	1965	do	6 years.
(d) Rehabilitation facilities and workshops.	1965	do	5 years.
(e) Workshop improvement and training services.	1965	do	6 years.

**FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS
ENACTED SINCE 1961)—Continued**

Program (established during period 1961-68)	Year es- tablished	Federal department or agency currently administering program	Limiting provision
Manpower Act of 1965: (a) Labor mobil- ity demonstration projects.	1965	Labor.....	1967.
Social Security Amendments of 1965:			
(a) Medicaid.....	1965	Health, Education, and Welfare..	No expiration.
(b) Training of professional per- sonnel for health and related care of crippled children.	1965	do.....	Do.
Health Professions Educational Assist- ance Amendments.	1965	do.....	1969.
Historical properties preservation.....	1966	Interior.....	1970.
Water research projects.....	1966	do.....	1976
Comprehensive Health Planning and Public Health Service Amendments, 1966:			
(a) Comprehensive State health planning.	1966	Health, Education, and Welfare..	1968.
(b) Areawide health planning.....	1966	do.....	1968.
(c) Project grants for training, studies, and demonstrations.	1966	do.....	1968.
(d) Comprehensive public health services.	1966	do.....	1968.
(e) Project grants for health serv- ices development.	1966	do.....	1968.
Allied Health Professions Training Act of 1966:			
(a) Construction of teaching facili- ties.	1966	do.....	1969.
(b) Improve quality of training centers.	1966	do.....	1969.
(c) Traineeships.....	1966	do.....	1969.
(d) Nursing educational opportunity.	1966	do.....	1969.
Clean Air Act Amendments of 1966; air pollution control maintenance.	1966	do.....	No expiration.
Economic Opportunity Amendments of 1966:			
(a) Special impact programs.....	1966	Office of Economic Opportunity..	1970.
(b) Comprehensive health services.	1966	do.....	1970.
Child Nutrition Act of 1966:			
(a) Special milk program.....	1966	Agriculture.....	1970.
(b) School breakfast program.....	1966	do.....	1968.
(c) Nonfood assistance.....	1966	do.....	No expiration.
Elementary and Secondary Education Amendments of 1966; education of handicapped children.	1966	Health, Education, and Welfare..	1968.
Library Services and Construction Act Amendments of 1966:			
(a) Interlibrary cooperation.....	1966	do.....	1971.
(b) State institutional library serv- ices.	1966	do.....	1971.
(c) Library services to the physi- cally handicapped.	1966	do.....	1971.
Demonstration Cities and Metropolitan Development Act of 1966:			
(a) Comprehensive city demonstra- tion:			
(1) planning, technical as- sistance.	1966	Housing and Urban Develop- ment.	1968.
(2) administration, reloca- tion.	1966	do.....	1969.
(b) Supplementary grants for metro- politan development.	1966	do.....	1968.
(c) National Trust for Historic Pres- ervation.	1966	do.....	No expiration.
(d) Urban information and technical assistance.	1966	do.....	1968.
(e) Assistance for housing in Alaska.	1966	do.....	No expiration date specified but aggregate of grants may not exceed \$10,000,000.
Urban Mass Transportation Act of 1964, Amendment:			
(a) Technical studies.....	1966	do.....	1969.
(b) Managerial training programs.....	1966	do.....	1969.
(c) Research and training in urban transportation problems.	1966	do.....	1969.

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS ENACTED SINCE 1961)—Continued

Program (established during period 1961-68)	Year established	Federal department or agency currently administering program	Limiting provision
Mental Retardation Amendments of 1967:			
(a) Cost of professional and technical personnel of community mental retardation facilities:			
(1) initial grants.....	1967	Health, Education, and Welfare..	1970.
(2) renewal grants.....	1967	do.....	1969-74.
(b) Training of physical educators and recreation personnel.	1967	do.....	1970.
(c) Research and demonstration projects in physical education and recreation.	1967	do.....	1970.
Meat inspection.....	1967	do.....	No expiration.
Elementary and Secondary Education Act Amendments of 1967:			
(a) Incentive grants.....	1967	do.....	1969.
(b) Regional resource centers for improvement of education of handicapped children.	1967	do.....	1970.
(c) Centers for deaf-blind children..	1967	do.....	1970.
(d) Recruitment of personnel and information on education of handicapped.	1967	do.....	1970.
(e) Bilingual education programs...	1967	do.....	1970.
Appalachian Regional Development Amendments of 1967:			
(a) Planning and other preliminary expenses of proposed housing projects.	1967	Housing and Urban Development.	1969.
(h) Supplements to Federal grants..	1967	Commerce.....	1969.
Air Quality Act of 1967:			
(a) Research relating to fuels and vehicles.	1967	Health, Education, and Welfare..	1969.
(b) Developing uniform motor vehicle emission device inspection program.	1967	do.....	1970.
Education Professions Development:			
(a) Attracting qualified people to education.	1967	do.....	1970.
(b) Attracting and qualifying teachers to meet critical teacher shortages.	1967	do.....	1970.
(c) Improving training opportunities for personnel in education programs other than higher education.	1967	do.....	1970.
Fire Research and Safety Act of 1968....	1968	Commerce.....	1970.
Social Security Amendments of 1967:			
(a) Training nursing home administrators.	1968	Health, Education, and Welfare..	1972.
(b) Child-welfare services.....	1968	do.....	No expiration.
(c) Expansion and development of undergraduate and graduate social work programs.	1968	do.....	1972.

Senator MUSKIE. On page 5 you point out that section 201 provides that Governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. Should this information be given only on request, or should it be a routine submission?

Mr. COLMAN. In our opinion, Mr. Chairman, and I think this opinion is shared by the Bureau of the Budget, it should be on request, because the amount of information about these grants-in-aid involves a terrific amount of paper. Just where you stop in providing this or where the Governor would want to stop would vary from State to State—for example, the grants that go to universities from Federal agencies, or individual detailed and minor project grants of one kind or another that are made by the Federal agency. So we believe that rather than deluging the Governor or legislature with this complete mass of information, it should be worked out with the States. If more

information is desired by a particular government, it should be provided, but it should await his request.

Senator MUSKIE. Will he know what to ask for before he knows what is available?

Mr. COLMAN. Of course, that always is a difficult question. The intent of this section, with its proviso, "on request," is that basic information would be provided to all Governors as a matter of course. But extensions beyond that, going beneath the general and moving to the particular, would need to come at the initiative of the Governor.

Senator MUSKIE. In other words, he will be advised as to what programs are being used?

Mr. COLMAN. Yes.

Senator MUSKIE. Then it is up to him to decide how much detail he wants?

Mr. COLMAN. Yes, sir.

Senator MUSKIE. With respect to amendment 748, which you discuss I think, on page 46, I understand that the Comptroller General would have some responsibility for this and he is almost totally negative with respect to this proposal.

Mr. COLMAN. I missed the first part of your comment.

Senator MUSKIE. I understand that the Comptroller General is completely negative.

Mr. COLMAN. This is news to me. He may very well be negative, but I think that Mr. Staats understands pretty fully the basic rationale of the proposal. He and I have discussed it. He has had copies of it for a long time.

It may very well be that his staff and he, in finally deciding whether to support or oppose this provision, may very well have decided that the balance is in the negative rather than the positive.

Senator MUSKIE. For instance, he says:

Sections 1003 (b) and (c) would lay upon the Comptroller General functions of management involving financial relationships between executive agencies and states and political subdivisions which are the primary responsibility of the executive agencies in the administration of their programs. The assumption of these functions by the Comptroller General would, in addition, tend to negate the independence and detachment from operational responsibility which the Congress intended for him in a review and evaluation of agency performance. Thus in our view, the concept of subsections (b) and (c) is inconsistent with the statutory role of the General Accounting Office.

Mr. COLMAN. That sounds, Mr. Chairman, as though he were commenting on some provisions dealing with the periodic review of grant-in-aid programs. Because what you have just read has been the type of objection that has often been made by the Bureau of the Budget and by Federal agencies to the role of the Comptroller General with regard to the review of the grants.

Now, there may be a difficulty, Mr. Chairman, with regard to the language here in amendment No. 748, but it is certainly not the intent of the Commission's recommendation to involve the Comptroller General in management responsibilities. The Comptroller General now conducts audits on a spot basis of grant-in-aid programs, and he and his staff are very much concerned about the audit of Federal expenditures in these programs.

The Comptroller General's staff is already in the State governments looking at their books on a spot basis. This proposal of the Commis-

sion says, in effect, that the Comptroller General would take a look at the overall adequacy of the auditing system of each State and come to a conclusion as to whether that system is adequate and meets proper accounting standards.

After such a finding of adequacy under this proposal, Federal agencies would then be obliged to accept the State audits as being responsible without having to rely on a duplicating agency audit. That is the purpose of the amendment.

Senator MUSKIE. His comments are clearly directed to amendment No. 748. It may be that you would like to discuss his comments with him to see whether or not his opposition is based upon a misconception of the legislation or whether the legislation clearly defines what you had in mind for it.

He also had a second paragraph of comment in his letter which I shall refer to now. He says:

In a practical sense, the requirement of subsection (b) to study and review the accounting and auditing systems of the many states and political subdivisions which are the recipients of Federal programs would be an undertaking beyond the resources of our office, considering our responsibilities. In addition, subsections (b) and (c) imply that the Comptroller General has prescribed principles, standards and related requirements concerning accounting and auditing by the states and political subdivisions with respect to the expenditure of Federal aid funds. Such is not the case. We do not believe it would be appropriate for the Comptroller General to prescribe such standards and procedures for adoption by state and local agencies. These are matters which should be worked out by the executive agencies and the state and local bodies and made a part of the grant agreements centered on individual programs.

We would be happy to make available to you a copy of the Comptroller General's comments dated May 8. Perhaps it might be helpful to all concerned if you were to discuss it with him to see whether or not the difficulties he sees can be resolved in any way.

Mr. COLMAN. It does not surprise me at all, Mr. Chairman, that concern is expressed with regard to subsection (b). This would involve an increase, a significant increase in the staff of the Comptroller General. The question I think the Congress has to consider is whether by making a modest increase in the staff of the Comptroller General for purposes of examining the auditing systems of the States on more than a spot basis, but on a rather general basis, will mean a consequent elimination of the necessity of literally hundreds and thousands of Federal agency auditors going into those States to duplicate audits already made by the State auditors. So I think in a way, that question is comparable in terms of money and resources to the one that frequently comes up in connection with the Internal Revenue Service. You can spend some more money to put more agents on the payroll, but if you put them on the payroll, they bring in additional revenues to the Federal Government. I think the same kind of possible economies face the Congress with respect to the provisions of this amendment.

Senator MUSKIE. I think we ought to have some estimate in the record of what additional staff resources the Comptroller General would require in order to perform this function and the estimated cost. Then, as I say, it seems to suggest that some of the proposed responsibilities are inconsistent with the congressional concept of the Comptroller General's office. I think that perhaps it would be helpful if we have some consideration at this point between the two of you.

If you cannot resolve it, fine. At that point, we have to decide to what degree this did or did not represent a departure from the traditional concept of the Comptroller General's office.

Mr. COLMAN. We will consult with the Comptroller General and his staff, Mr. Chairman, and be in touch with the staff of the subcommittee about this.

Senator MUSKIE. I have some questions that arise out of the testimony yesterday of Mr. Hughes of the Bureau of the Budget.

He pointed out that title VI, providing a method for grant consolidation, gives the President authority to specify the formula or formulas for making grants under the consolidated programs, but does not give him authority to propose changes in eligibility, planning, and other requirements that may be needed.

Do you see the need to give the President this additional authority? If so, would it raise any serious legal questions?

Mr. COLMAN. Yes, sir, we think that the provisions of the title should make clear, if they do not now make clear, that the types of considerations that could enter into a grant consolidation plan might involve such things as planning requirements, eligibility requirements, classes of recipients, and so forth. But I see no legal problem.

The Reorganization Act deals with matters of statutory law, as do the grant programs.

Now, at the risk of analogy, sir, which is always risky, let me advance one that seems to us to be fairly close to the concept proposed here. That is the way that a committee of conference of Congress works. When a committee of conference has two versions of the bill before it, there are the parameters within which the committee hammers out the final version of the legislation. Under this proposed title, the President would have the statutory language of the two, three, or more grant-in-aid programs being considered for consolidation. Those various statutory provisions would be the parameters beyond which he could not go but within which he could operate freely as to formula, as to planning requirements, as to eligibility, and so on.

It is like the banks of a river, the banks being fixed, but the particular course of the channel being flexible.

We would certainly believe that the items Mr. Hughes referred to in his testimony should be within the scope of the President's powers under the bill.

Senator MUSKIE. Mr. Hughes suggested that the authority which title VI would give the President is already contained in large part in the President's Reorganization Act authority. Do you have any view on that?

Mr. COLMAN. Well, if one wants to forget about the word, "formula," and the associated words in the text now, well, certainly, a number of the effects of grant-in-aid consolidation are covered by the Reorganization Act, but only those parts having to do with what agency or unit of an agency shall administer the program. There is no authority, as we understand it, and I think this was implicit in what Mr. Hughes said, there is no authority in the Reorganization Act to take two grant programs and merge the formulas, merge the rules for eligibility, merge the planning requirements, operating within the parameters of the different statutes but not going beyond them. I do not think that is at all permitted under the Reorganization Act of 1949, as amended.

Senator MUSKIE. With respect to amendment 748, Mr. Hughes also had a comment. He proposed that action be deferred on this new title in view of the fact that a joint study has just been undertaken by the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget, looking toward improvement in the financial administration of the grant programs at Federal and local levels.

In view of this development, do you agree that legislative action should be deferred? If not, would you give us the reasons why you think the action should proceed before that study is completed?

Mr. COLMAN. With all due respect to Mr. Hughes and to the Comptroller General, it would be the Commission's view that this ought to proceed, because a joint task force effort which is being launched by the joint working group of the Secretary of the Treasury, Director of the Budget Bureau, and Comptroller General on grants-in-aid in effect is a continuation of a long series of joint endeavors in this and other fields. I think the present task force will give more concentrated attention to grants-in-aid than other of their joint efforts in the past.

But here is a basic departure, really, in the posture of the Federal Government with regard to the audit of grant-in-aid funds. So it would be our belief, with all due respect to the other two agencies involved, that the Congress should proceed with the perfecting of this legislation and the full consideration of it.

Senator MUSKIE. With respect to title VIII, the relocation title, I have a series of questions based upon Mr. Hughes' testimony yesterday and on other things.

Section 805(a). The title describes the payments to be made to various groups dislocated.

Mr. COLMAN. What was the citation again, Mr. Chairman?

Senator MUSKIE. Section 805(a) on page 41. In your relocation report, you also list the source of costs that are incurred by displaced people, businesses, and so on. In your judgment, are all fair and reasonable relocation payments to persons, businesses, and farm operators fully covered by paragraph 805(a) in the light of your consideration of the costs that are incurred? Have you made a comparison of the two?

We have assumed, I think, that the legislation covered everything, all types of costs, that a displaced person or business or farm operator might expect. You have gone into some consideration of the costs, and we simply want to know if the legislation covered everything that it ought.

Mr. COLMAN. That is hard to answer, Mr. Chairman. It covers nearly all of the contingencies that we could conceive. Maybe some new ones have been uncovered.

Senator MUSKIE. Do you think your report is complete in that respect as of the time it was written?

Mr. COLMAN. Yes, sir.

Senator MUSKIE. Maybe it would be well to include in the record of the hearings appendix 3 of the table of your report that bears upon this point.

I know that Senator Mundt has been interested particularly in the past with the farm operators' problems in this respect.

(The table follows:)

APPENDIX

TABLE 3.—SAMPLE OF VARIATIONS IN ITEMS OF LOSS AND EXPENSE COMPENSABLE UNDER ADMINISTRATIVE REGULATIONS APPLICABLE TO FEDERAL AND FEDERALLY AIDED PROGRAMS

Item	Urban Renewal	Bureau of Public Roads	Corps of Engineers	Navy	Department of Interior
Costs during search for replacement property:					
Transportation.....			X	X	X
Lodging.....			X	X	X
Expenses in obtaining replacement property:					
Appraisal.....			X	X	X
Title examination.....			X	X	X
Credit reports.....			X	X	
Closing costs—recording fees.....			X	X	
Moving costs:					
Disconnecting and dismantling fixtures, machinery, equipment, etc. (not compensated as part of realty).....	X	X ¹	X	X	X
Loading and unloading personal property.....	X	X ¹	X	X	X
Cost of transporting displaced party and family to new dwelling.....			X	X	X
Reassembling and reinstalling fixtures, machinery, equipment, etc. (not compensated as part of realty).....	X	X ¹	X	X	X
Inspection fees for reinstalled property.....		X ¹	X	X	
Taxes incident to moving personal property.....			X	X	X
Time lost from employment because of moving (not including labor performed in accomplishing move).....			X ²	X	X
Loss in value of personal property disposed of because of displacement: fixtures, machinery, equipment, etc. (not paid for as part of realty).....	X				
Closing and related costs to convey property to Government.....		X ¹			

¹ The Bureau of Public Roads will participate but it is entirely up to the State whether to pay at all or whether to pay for a specific item.

² Supervision only.

Source: Select Subcommittee on Real Property Acquisition, Study, op cit., p. 102.

Senator MUSKIE. Just one or two more questions.

The Bureau of the Budget has suggested that the owner of real property taken under a Federal or federally assisted program who purchases another home within a year be paid an amount of up to \$5,000 which, when added to the acquisition payment, equals the average price for standard dwellings adequate to accommodate the displaced owner. In other words, it was their feeling that the fair market value does not really represent what it is likely to cost the displaced owner to get into comparable housing on the current market, that he ought to be allowed up to \$5,000 more.

Now, do you agree with this idea as an addition to the relocation benefits available under the act, and do you feel that the figure he suggested is adequate in the light of present-day costs in the housing market?

Mr. COLMAN. We think there is much to be said for that point, Mr. Chairman. I do not think we would be disposed to challenge the figure.

Senator MUSKIE. Have you had a chance to consider that concept?

Mr. COLMAN. Yes, we have. This seems to us to be reasonable. The only reservation that I would enter is with regard to the precise amount. We have no basis however to say that the amount is not a proper one.

Senator MUSKIE. I think I neglected to pursue that point yesterday with the Bureau of the Budget. I think I ought to ask the staff to

inquire of the Bureau of the Budget what the basis for that \$5,000 figure is. Is it simply one picked out of the air, or does it have some basis?

Mr. COLMAN. It is our understanding, Mr. Chairman, that this figure was developed through some special relocation studies conducted by the Department of housing and Urban development and supplied by the HUD staff to the Bureau of the Budget.

Senator MUSKIE. I think we ought to have a piece of paper at least describing the process by which the figure was arrived at.

With respect to section 807(b) in federally assisted programs, urban renewal, highways, and others, the Bureau has suggested that relocation payments be made in accord with the usual cost sharing requirements, half of the worth of the project. They propose this instead of the provision in the act which follows urban renewal practice in providing for the Federal agency to contribute the first \$25,000 of the relocation payment, with higher costs being shared in accordance with the formula governing the program.

In the light of what we know about State and local laws and financial capabilities at this time, would this not place obstacles in the way of what we are attempting to accomplish and defer the time when relocation payments would be available under many of the new programs intended to be covered by this act?

Mr. COLMAN. It certainly will, Mr. Chairman, in our opinion. To go further, this particular point has been one of the most troublesome between the subcommittee on the one hand, and the Budget Bureau, on the other, with regard to relocation.

I think we would all agree that if one were starting all over and if there were no relocation provisions now on the statute books, the posture of the Budget Bureau would be the proper one and you should tie the cost-sharing arrangements within ceilings to the project cost formula that happened to govern the particular program—50-50, for example, in the case of primary and secondary roads; 90-10 in the case of interstate highways, and so forth.

But the fact of the matter is that in the housing area, in the urban renewal area, in the model cities area, the Congress on repeated occasions—I guess three or four times now—has broadened and extended the relocation policies in those programs to provide for 100 percent Federal reimbursement up to certain ceilings. So the Commission does not see it as a practical alternative to try to turn the clock back and roll back the formulas with regard to these other programs.

I think if you tried to do that, you would have the whole thing tied up. So on tactical grounds as well as the general problem of fiscal, State and local fiscal capability, we would not favor this approach.

Now, there is another problem. The way the relocation title of S. 698 is drawn, it will become obligatory upon State and local governments to enact legislation to provide machinery for these payments. If a sizable cost sharing were required, we would have a lot of States coming into this room and opposing this legislation on the ground that they just did not have the money to pick up the tab or part of the tab as far as highway displacees are concerned. And again, we would be in a bind as far as moving ahead here with some Government-wide uniformity.

Now, one might say, let bygones be bygones and let these housing people and the urban renewal people enjoy their 100 percent arrange-

ment, but apply the Bureau's formula to the highway program and in the new ones to be covered. Well, here we would be defeating what we started out in the first place to achieve, namely, Government-wide uniformity of treatment of individuals and businesses regardless of which particular authorization or which particular statute happens to cause them to become displaced.

Senator MUSKIE. Two more questions. Then I yield to Senator Mundt.

Present law and the provisions of this bill provide that relocation payments and assistance begin only when an agreement is reached between either the Federal Government and the localities to proceed with the project. As far as I know, no assistance is available during the planning stages that precede such an agreement. Yet this is a period when displacement begins under the threat of compulsory removal when the project is actually undertaken. There have been many, many instances of hardships attributable to this point.

Now, what can be done to provide for relocation assistance at an earlier stage than is presently provided for, assistance at the stage when the planning and surveying of the proposed project is announced? What can be done to relieve people of the fear of removal and smooth the road to orderly relocation in this period?

Mr. COLMAN. Well, one possibility might be, Mr. Chairman, revamped operations of the Department of Housing and Urban Development. Greater planning work could be undertaken to assist the communities in providing interim relocation housing, which is being increasingly done in a number of places, with trailer homes, mobile homes, and that type of thing. Where the final project has not been worked out, and where the bulldozers may finally start to operate and where they may not, but where there is a kind of upheaval and unrest caused because of the planning activities, perhaps some type of housing availabilities might be—

Senator MUSKIE. The problem, I suspect, affects homeowners and landowners who begin to find tenants disappearing or rental properties impossible to rent during this period when it is clear in the whole community that the area is going to be cleared and yet nobody is in a position to buy their property or to reimburse them or to make it possible for them to reinvest elsewhere, and they have to continue to pay taxes. So there is a period of great hardship and considerable loss, not so much for tenants, perhaps, although they may incur some difficulties here, but for the property owners.

Mr. COLMAN. As far as the owners are concerned, Mr. Chairman, would it not be the case that this type of loss of rental income, declining market value, and that sort of thing would all be legitimate considerations, legally, within the acquisition processes as they operate under the condemnation or taking laws of most States? In other words, an owner of rental property who lost his tenants a year in advance of the actual taking would be able to include this loss along with other factors that the Court or the appraisers would take into consideration.

Senator MUSKIE. These costs are not now covered, I do not think, are they?

Mr. COLMAN. It was my impression—I could be wrong on this—that as far as owners are concerned, this type of thing was admissible evidence in terms of losses being suffered by owners.

Mr. Chairman, Mr. Richter has some additional comments.

Mr. RICHTER. I believe under title IX, the uniform land acquisition title, the thrust of the legislation is to speed up the period of taking of property and, in addition, to make available to the property owner as quickly as possible the estimated fair value which the Federal agency sets on the land to be acquired. I think this gets somewhat to the problem.

Senator MUSKIE. By speeding up the process, you may reduce it, but the question put to Mr. Colman is whether or not actual loss can now be compensated under present law. Do you have any answer to that?

Mr. COLMAN. I think there is also in here a declaration of legislative intent that in the price finally set, the Federal agency shall take account of any decrease in value which shall take place between the time of announcement of the intent to take property and the actual closing of the negotiations.

Senator MUSKIE. That is decrease of value. It is not loss of rental. There is none?

Mr. RICHTER. I think that is right.

Senator MUSKIE. Would you supply a different answer if a different answer is appropriate?

Mr. COLMAN. Yes, Mr. Chairman, and it might be that we will want to suggest some additional language to try to meet this problem.

Senator MUSKIE. One final question. It is a long one, but it is one question.

Section 803(d) would extend the long-term, low-interest loan program of SBA to cover, one, not only small businesses displaced but also nondisplaced small businesses which suffer economic injury as a result of federally aided programs; two, businesses injured not only by urban renewal, highway, and other construction programs, but also by any other public improvement programs; and three, not only businesses injured by Federal or federally aided programs, but also businesses injured by State programs.

The Bureau opposes these amendments, on the grounds, first, that it is impractical to provide assistance to other than those actually displaced; and second, that it is inappropriate for the Federal Government to assume responsibility for relocation of displacees from other than Federal or federally assisted programs.

Now, what would you say to those objections?

Mr. COLMAN. I am going to ask Mr. Richter to respond to part of the question. I think that with regard to displacements caused by other programs in which the Federal Government is not involved, it is, I think, difficult to debate or rebut the Bureau's point on that one. In other words, strictly a State program or strictly a local program that causes displacement—I think to get SBA involved in a special financial relief operation for those people perhaps is carrying Federal responsibility too far.

Mr. RICHTER. Mr. Chairman, on the other part of it, my recollection is that this provision was proposed in the report of the House Select Subcommittee when S. 1681 was up before you, and it came out of S. 1201. I think that that committee's staff had found that this was a real problem, the problem of these people not actually displaced but affected.

I believe that at your hearings on S. 1681, the representative of SBA at that time indicated that it might be a problem in determining the degree to which these nondisplaced affected businesses should be or could be helped. But he did not say it was an insuperable problem. He recognized that there were some administrative difficulties involved.

SENATOR MUSKIE. Of course, what we are talking about here is not compensation for displacees, but simply the availability of a loan program in connection with natural disasters, or Federal displacement, and other reasons that are beyond the control of the Federal Government, the State government, or the businessman involved. So I think it is a little different consideration than the question of whether or not the Federal Government ought to provide these other compensations. It is a question mainly of a Federal loan program which is not matched by a State loan program for another class of people hit by adversity not of their own making.

MR. WALKER. There is just one historical footnote to add, Mr. Chairman; that is, the original SBA title, as it appeared in S. 1681, did not include the specific provision which we have been talking about. It was incorporated during the hearings, largely at the behest of Senator Sparkman and members of the Housing Subcommittee of the Banking and Currency Committee. I gathered at that time that they had explored this in some depth and felt it merited consideration by this subcommittee. For this reason, it is in this title.

SENATOR MUSKIE. All right. I guess we have the issue before us.

SENATOR MUNDT?

SENATOR MUNDT. Thank you, Mr. Chairman. I just want to go into two different aspects of the discussion.

First of all, Mr. Colman, I was happy to read on page 16 of your statement your continued support of the 5-year termination provision. You point out that it appears Congress provides expiration dates as a matter of course for almost all grant programs. That seems to be very significant and very well grounded.

I certainly am one who believed in stronger reviewing authority at the time you wrote this provision. I believe that these periodic reviews are very essential, very important.

I thought that we were going to do something through the Congressional Reorganization Act, Mr. Chairman. I was optimistic that we were going to provide Congress with additional trained personnel, guidelines, and other new authorities. But the House apparently has driven a knife into the back of that legislation. Nothing has happened. It took some little time in the Senate, but we finally got it through. For a while, it looked like there was an agreement in the House, but the session is nearing its busiest period, prior to adjournment, and I am pretty pessimistic that the House will act on the bill. It seems to me that what we have set out here for the function of the General Accounting Office is very essential, and even more essential in view of the lack of action in the House, to modernize the procedures of the Congress.

As you point out, and as I have observed, most of them now provide for some kind of payment. I was at the Appropriations Committee earlier this morning where the same question about termination dates,

review periods, and contracts came up. There was a very illuminating discussion as to its validity. We have lived as we have learned and we have learned as we have lived.

Here you come to a situation in a rapidly changing world where we ought to be taking a look at these things to see whether they are up to date, whether there are new problems, and whether mistakes have been made which can be corrected legislatively, whether omissions occurred at the time the legislation was passed. The attitude of some of the people in the administrative agencies, that all of the creative thinking and all new ideas terminated when we wrote the bill, seems to me to be utterly indefensible. I cannot understand why they persist. I am glad you pointed out so effectively that that attitude is not a defensible one.

Now, a question or two on the testimony of Mr. Hughes, which you have studied and read. The one part about this legislation which concerns me, though I am a cosponsor, is the use of the Reorganization Act technique in title VI. I think Mr. Hughes makes a perfectly valid point when he implied that restricting the reorganization procedure regarding consolidations involves changes in formula and other substantive law which are naturally the function of the legislative body. It seems to me we might have to give this pretty serious thought, Mr. Chairman, and figure out how these changes can be made in the normal legislative procedures, rather than running the clock backwards and utilizing the reorganization process and procedure to virtually write new legislation.

I would like to have your comments on that.

Mr. COLMAN. Well, Senator Mundt, I think it depends upon the distinction between the end and the means. If the Congress wants grant consolidation, if the Congress wants these 400 or more separate grant programs reduced, if you want to bring that situation under control, an effective tool for doing that is provided in the title suggested here. Admittedly, just as in the case of the Reorganization Act, there is some delegation of the initiative from the Congress to the Executive. But I think that the Congress, in its action on the Reorganization Act back in 1949, felt that the end justified the means, that you would get more reorganization and that you would get a more effective grouping of agencies by lessening the legislative hurdles and roadblocks that these programs would have to encounter in order to become effective.

Now, we all know of and you referred a minute ago, Senator, to the number of advocates of these individual grant-in-aid programs. They are numerous, and they are powerful, and they will not be moved. When you bring up a consolidation proposal that has to run through the regular legislative gamut—if they are able to achieve in action at any one spot along the line, just as the folks have over in the House about the legislative reorganization bill—they have it made. They have stopped the consolidation.

This approach admittedly assigns initiative to the Executive, but the Congress retains the veto power, and the proponents of grant fragmentation could no longer be victorious though achieving legislative inaction. They would have to muster a majority of votes in one House or the other of the Congress in order to block a grant consolidation plan.

So those are the very compelling reasons that the members of the

Advisory Commission considered on two separate occasions. They did not approach this proposal lightly. They debated it.

I remember, and I think you were present, Senator, when Governor Daniel stated that he did not like certain parts of this in terms of its philosophy, but in order to get the job done, he thought it was essential and he was therefore going to support it. Several other members of the Commission made some comments.

Senator MUNDT. I do not think we can conclude, however, that that is the only way to do it. It is true that Congress is willing to delegate the initiative of the formulas of this type in certain circumstances, and probably widen the scope to the Executive. But here we delegate a little bit more than the initiative, coming up with a proposal to be studied and amended and approved by the Congress. Here we come with a reversal of the status of the veto, whereby Congress assumes the role of the vetoing agency and the legislative aspect goes on at the other end of the avenue, a reversal of the normal constitutional legislative process. We do that in the reorganization of agencies and departments and personnel, because that is the reorganization of the functions of the executive branch, where they determine where personnel should be, how such changes should be handled, how you streamline an executive agency for greater efficiency. But I think what you do is amend by Executive suggestion legislative proposals which have been written out for the various formulas for grants.

I think you are going to have a very difficult time selling it to Congress. I am not sure it is a wise precedent to establish, because it might be used in other places. In this great struggle for maintenance of the balance of power, Congress is always at a disadvantage because it operates more slowly. It does not have the homogeneous concepts that you have in the executive branch. We toss away a little bit like this, we toss away a little bit and go for the item of veto, and the first thing you know, we change the status. Our reorganization plan is not amended by that.

Mr. COLMAN. No.

Senator MUNDT. So you see, you tie your hands, you take this or nothing. We take the bitter with the sweet, the good with the bad. We try to do things which we would not do if we legislate.

I think we ought to give it serious thought; if you people are interested in the maintenance of our system of government, you ought to give a little thought to it. Here we are saying, this will work, so let us take it. It will work, but I think other systems will work. I think if we give the initiative to the Executive and they come up with a formal legislative package which will provide this whole concept of consolidation and so forth of the grants, I think it should be subject to hearing, should be subject to possible amendment. The majority position in Congress will prevail.

It seems to me you run just as much chance of killing the whole package through the reorganization action, because you cannot amend it. You have to deal with offensive aspects just as much that way as you would by submitting the whole package through the legislative mill.

Mr. COLMAN. Let me say this Senator. Certainly this is a very important and very difficult question. The Congress might wish, if it decided

to travel this road or part of the way down the road as proposed here, to introduce some element of amendment or some elements of narrowing of scope, but still departing from the status quo. At the present time, the President can't come up here with a bill to consolidate a number of grant programs and have an easy time of it. It gets referred to committees in each House and it goes the usual way, and because of the things that we have mentioned here this morning—the great tenacity which these interests, once developed under a grant program, tend to demonstrate—the prospects for such a proposal become very dim indeed.

So I am not implying or suggesting here, Senator Mundt, that this is the only way. I am suggesting very strongly that something different from the status quo needs to be adopted with regard to the executive-legislative process on grants-in-aid if we are going to make significant progress in the consolidation of this ridiculously large number of grants.

And it is growing each session. There are in this Congress about 15 or 20 new grant programs that have been added to this list. And you have some in process now. So this number just keeps building up and it is becoming a managerial nightmare.

Senator MUNDT. Here is what I am proposing: I am prepared to agree that our present status quo operation is not the best. It does not attain the objective we seek and is not an effective method at all. I am also prepared to believe that the reorganization concept will get the job done, but that the price you pay is too great in terms of the relationship between the executive and the legislative, in terms of the precedents you establish, in terms of the failure to give Congress any flexibility of action.

Tourists come to town and say, Mr. Colman, how do you get to New York? You can say, you can walk and get there. But that is not the only way.

You can take the train or other modes of transportation. The same is true with consolidating grants.

I think we are going to have to exercise some imagination and come up with new ideas, maybe a new reorganization concept which is amendable, or which you do not have to take or leave in its entirety, or which is not under pressure of time, so if Congress were unable to meet, everything goes through. I think we have to recognize that simply because the end is desirable, the means are not necessarily desirable. I think the end is desirable, but I think we have to fashion a means which is compatible with the concept of balance of powers which recognizes the right of the legislators who originally created the programs to have something to say about the manner in which they are going to be consolidated.

I do not think it is analogous, really, to the reorganization authority we gave the President to rearrange the chairs in his own house. This is a little different. This is the Executive.

We have a question, after all, of the amounts we want to provide, the ways we want to provide them, whether we want to have an existing formula, a consistent formula for everything or a varying formula growing out of a legislative proposal that has been enacted

by Congress. We have so many they certainly ought to be consolidated. But I think you brain trusters down in your shop ought to give a little thought to coming up with something new.

I refuse to believe you can just get to New York by walking or riding the train. There are other ways you can contrive. There are other ways we can contrive, I think, of achieving this objective. I do not think we ought to destroy the goal and cease reaching for the objective simply because there are things that are pretty largely anathema in terms of utilizing the concept of the reorganization program to meet the objectives.

Senator MUSKIE. Thank you very much, Mr. Colman, Mr. Walker, and Mr. Richter. We appreciate your excellent testimony. I think we have exposed the issues involved.

Our next witness, to present the statement of Gov. John Connally of Texas, is the vice chairman of the National Governors' Conference, Mr. Wayne Gibbens, Texas director of State-Federal relations, and Mr. David Hill, liaison officer of the National Governors' Conference.

STATEMENT OF HON. JOHN CONNALLY, GOVERNOR OF TEXAS, VICE CHAIRMAN OF THE NATIONAL GOVERNORS' CONFERENCE, AS PRESENTED BY WAYNE GIBBENS, TEXAS DIRECTOR, STATE-FEDERAL RELATIONS, STATE OF TEXAS, ACCOMPANIED BY DAVID HILL, LIAISON OFFICER, NATIONAL GOVERNORS' CONFERENCE

Mr. GIBBENS. Mr. Chairman, Senator Mundt, I represent Governor Connally, who is vice chairman of the Governors' committee which considered this proposed legislation at the National Governors' Conference midwinter meeting. It is my pleasure to present to you his statement.

It is a pleasure for me to express on behalf of the National Governors' Conference and the Council of State Governments, our support for S. 698, the proposed "Intergovernmental Cooperation Act of 1967."

Testimony from representatives of the National Governors' Conference and the Council of State Governments was heard by this subcommittee in 1965 when a similar piece of legislation was being considered. At that time, the Governors expressed enthusiastic support for the Intergovernmental Cooperation Act of 1965. Therefore, I will not belabor the issues discussed at that time, but I would like to briefly reiterate the position taken by the National Governors' Conference on the provisions of the 1965 bill which are still part of the proposal now being considered.

The title providing for improved administration of grants-in-aid to the States would arm the States' chief executives with sufficient means to bring about a greater degree of regularity and financial planning and budgeting for all the funds expended in State government operations. The section providing for full information on grants-in-aid to the Governors of the States is essential if the Governor is to function as an efficient chief executive. This proposal would insure the State's Governor of timely information on grants-in-aid to his State.

The "single State agency" concept is oftentimes a significant deterrent to effective State organization and reorganization. This require-

ment, and the manner in which it has been defined by regulation, has created some problems in the States. The section authorizing Federal departments and agencies to waive this requirement and approve other forms of administrative organization is heartily endorsed.

The title permitting Federal departments and agencies to provide specialized or technical services to State and local units of government properly reflects the partnership needed in strengthening the service features of all levels of government, and the Governors again lend their support to this concept.

The National Governors' Conference has in the past gone on record supporting the general provisions in the act calling for development of a national urban systems policy for coordinating machinery among Federal departments and between the Federal Government and other levels of government.

Also with the increased pace of State planning activities in the last few years, the section calling for full consideration of "all viewpoints—national, regional, State, and local" in planning urban development programs is even more significant and necessary. The provision of this section of the act favoring units of general local government as recipients for Federal grants-in-aid is wise, and, as a matter of good governmental policy, general-purpose governments rather than existing or proposed special districts should be encouraged to undertake those tasks which they can perform.

While generally supporting the philosophy underlying the title dealing with acquisition, use, and disposition of land within urban areas by Federal agencies, it was urged by the Governors in their 1965 testimony that the provisions of this title be extended to rural areas where they are or might be practical.

The Governors are also on record in support of the periodic congressional review of Federal grants-in-aid to the States and to local units of government. We believe it to be a matter of simple prudence to provide for periodic congressional review and examination of grants-in-aid as well as other types of legislation. An excellent first step in this area would provide for congressional review in new programs every 5 years, unless the program had a termination date. If the program were limited, then it could be reexamined before extension.

Turning now to the new titles found in S. 698, I and the conference endorse the concept of consolidation of grants-in-aid programs. Consolidation, on the scale required, will not be easy. There will be pressures from both within and without Government to maintain the present proliferation and categorization of grants-in-aid programs.

The conference, in a study by the State Urban Relations Committee, published in October 1967, addresses itself to this problem, and I quote:

A basic consolidation in the number of categorical grants-in-aid must be undertaken by the Federal Government. To the maximum extent possible, categorical grants within the same functional area should be consolidated into a single program, with a single set of statutory requirements and a single authorization and appropriation and be administered by a single Federal agency. It is quite feasible that the number of separate grant authorizations can be reduced by half the present number without sacrifice of essential national priorities in the provision of financial assistance to the States and localities.

In order to facilitate meaningful consolidation of grants-in-aid, Congress should pass enabling legislation to allow the President to submit consolidation plans. After due consideration in Congress and without negative resolution, the proposed consolidation would become effective.

Furthermore, consolidation would greatly facilitate State planning efforts. Some States have repeatedly sought to submit comprehensive plans that would interrelate the various programs within broad functional areas. The distortion effect in State budgetary decisions would also be reduced. At present, for example, the scattering of categorical programs tends to induce states and localities to concentrate their own financial resources in those programs which are matched by Federal funds and to leave their own nonaided programs underfunded.

Closely related to the grant consolidation concept, is the idea of joint funding of Federal grants-in-aid. At the 1967 annual meeting of the National Governors' Conference, a resolution was adopted by the conference supporting the Joint Funding Simplification Act now pending before the Congress.

A questionnaire concerning the Joint Funding Act has been sent out to the various Governors by the National Governor's Conference, and as soon as that information is compiled, we will be pleased to forward our findings to this subcommittee.

I might add that there has been some experimentation in this area. A significant example is the unified application procedure for assistance to fund a State urban affairs program being considered by the Department of Housing and Urban Development.

Presently, there are three programs that the Governor may use to strengthen State participation and executive capability in urban affairs. They are: (1) the local planning assistance program authorized by section 701 of the Housing Act of 1954; (2) the community development training and research program authorized by title VIII of the Housing Act of 1964; and (3) the urban information and technical assistance program authorized by title IX of the Demonstration Cities and Metropolitan Development Act of 1966.

The parallel and similar purposes of each of these Federal assistance programs lends weight to consideration of using a unified application procedure for program grant-in-aid funds. With this in mind, the Department of Housing and Urban Development early this year developed a guide outlining procedures for submission of a single grant application covering these three programs. The draft guide was sent to the Governors for their comment and review, and the Governors overwhelmingly endorsed this approach to Federal grants-in-aid, and in addition urged that this approach be extended to other Federal programs at a minimum on a department-by-department basis.

While such simplification is welcomed, it cannot be left to piecemeal procedural reorganizations within executive departments, and it would appear that the Intergovernmental Cooperation Act is a promising mechanism for facilitating such consolidation and simplification.

The Governors are aware of the many complex problems of relocation and land acquisition, and they recognize the need for uniformity of treatment of the many businesses and businessmen dislocated by Federal or federally assisted programs. The Governors are also aware of the amendment submitted this week regarding accounting and reporting procedures.

However, the Governors have not had an opportunity to consider this, and the conference will submit a supplementary statement on this at a later date.

In conclusion, I feel that S. 698 is a far-sighted proposal. It recognizes that our system of cooperative federalism is strengthened by strong governments at every level. It properly acknowledges that the Federal grants-in-aid devices underlie most functional and operating intergovernmental relationships. Since this area is currently undergoing rapid evolution in both form and focus, it is today more essential than ever before that our partnership system work at its greatest potential efficiency. The Intergovernmental Cooperation Act represents a significant step toward harmonizing and improving important aspects of Federal-State-local relations. The National Governors' Conference welcomes this measure, but it sincerely hopes that it will be but the first of a series of needed proposals designed to keep our continually evolving Federal system viable.

Senator MUSKIE. Thank you very much, Mr. Gibbens. I have three questions that I would like to put, perhaps to Mr. Hill, for the purpose of getting information into the record.

First of all, could the Governors' Conference provide for the record of this hearing the degree to which the States are reorganizing their executive departments and strengthening the role of the Governor over his budgeting, planning, and programing so as to take advantage of the many sections proposed in S. 698?

Mr. HILL. Yes; we will be glad to do that. The Governors' Committee on Constitutional Revision last year developed an appendix or summary of reorganization developments in the States over the period from 1963 to 1967 on a State-by-State basis. We shall be glad to furnish that for the record.

Senator MUSKIE. Is it your impression that there is movement following in this field?

Mr. HILL. Yes, very active movement in the area.

Senator MUSKIE. The staff study for the Committee on State-Urban Relations recommended the creation of State relocation agencies to coordinate relocation assistance and minimize problems.

How many States are doing this? Can you supply that for the record?

Mr. HILL. Yes. I know that Connecticut has a law in effect and there are a few other States moving in this direction, and we shall be glad to update and furnish that for the record.

Senator MUSKIE. Would you also indicate how such agencies are financed?

Mr. HILL. Yes, I will. I think the best thing to do would be to furnish a copy of the Connecticut law and those of other States that have laws on the books.

Senator MUSKIE. Would it be a good idea for States to assist the creation of local relocation agencies to coordinate local assistance on projects where urban renewal, highways, and other programs are involved at the same time?

I think some States have done this, but to what extent do you think that sort of thing ought to be encouraged and stimulated?

Mr. HILL. It would be very difficult to answer that. I know some States have moved in this area, but I am aware that there are State laws that would prohibit or encumber such activities. But there has been some activity in that area of providing for coordination of relocation assistance and other assistance.

Senator MUSKIE. Are Federal agencies presently assisting the States and localities in developing overall relocation agencies?

Mr. HILL. I am not aware of any activities.

Senator MUSKIE. I am not, either.

Again in recommendation 13 of the conference study, it was proposed that States take up the option of sharing in payments to those displaced by highway and other programs. Could the Conference provide us with up-to-date information as to the degree the States are moving in this direction?

Mr. HILL. Certainly.

Senator MUSKIE. Thank you very much. We appreciate your testimony and your support.

I hope you will convey to the Governor our appreciation for his interest and attention.

Mr. GIBBENS. I will; thank you.

(The material previously referred to follows:)

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., May 21, 1968.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: In our testimony before your subcommittee on May 10, 1968, on the Intergovernmental Cooperation Act, you asked that we supply you with additional information on the degree to which the states are reorganizing their executive departments and strengthening the role of the Governor over his budgeting, planning, and programming so as to take advantage of the many sections proposed in S. 698. In this regard, we are enclosing a "Summary of Reorganization Developments in the States, 1963-67" which was prepared for the Governors' Committee on Constitutional Revision and Governmental Reorganization by the staff of the political science department of the University of Washington. This summary notes the significant reorganization activities in the states in the four year period between 1963-67. In Maine, for example, the Governor appointed in 1967 a Task Force to study the reorganization of the Maine state government. In addition, the Governor, by executive order, directed that all applications for non-state funds be reported both to the Office of the Governor and to the state budget office. These are but two examples in one state of vigorous activity in most states in reorganizing state government.

You also requested that information be furnished to the Subcommittee on state activities in the field of relocation assistance. The states have just begun to assume a significant role in relocation efforts. Governor Hughes of New Jersey in his "The States and Urban Problems" estimated that ten states currently offer relocation payments or services for displacements caused by state activities, including non-federal aid highways. The 1962 Federal Aid Highway Act gave the states the option to share in moving cost payments, and at the end of 1967 approximately half of the states were sharing the costs of these payments. Several states have moved very rapidly. In Connecticut, for example, a law was passed in 1967 (Connecticut, PA 552, law 1967 (Section 24) which authorized state grants-in-aid equal to the cost of relocating individuals, families, and businesses displaced by government action who have not been reimbursed for moving cost in a condemnation proceeding and who are not otherwise reimbursed by the federal government or the state.

In Maryland, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania, Tennessee and Wisconsin general statutes require relocation payments in cases where requirements differ from those in federal renewal programs. In several other states, state law requires relocation efforts be made for specific projects. In Rhode Island payments for displacements arising from reservoir construction are required by state law.

States are beginning to realize their responsibility for coordinating relocation efforts. Massachusetts and New Jersey have both authorized specific departments to oversee the total relocation process. These departments have the responsibility

for reviewing and approving the relocation plans and programs of agencies engaged in activities which displace individuals and businesses. This review authority in both states extends to federally-aided projects, and the agencies can require projects to halt if relocation programs prove to be inadequate.

The California legislature is now considering a bill which would provide relocation assistance for low income families. This is an example of state action aimed at alleviating the economic hardship caused to certain segments of the population when public projects such as highways require the acquisition of a large number of homes owned by low income families. A copy of this bill is enclosed for your information.

To adequately meet the demands placed upon our society by extensive urban renewal and other public activities, the states must become significant members of the federal-state-local partnership. The states can perform valuable services in the relocation field by plugging gaps, providing additional assistance to dislocated families and businesses, and stimulate coordination of relocation efforts. The National Governors' Conference has gone on record supporting the Intergovernmental Cooperation Act as a means of enhancing the efficiency of this partnership.

We trust that the information outlined in this letter has adequately described the current efforts of the states in reorganization and relocation. However, if you should have any additional questions or further instructions concerning this matter, please do not hesitate to contact us.

Very truly yours,

DAVID L. HILL, *Liaison Officer.*

SUMMARY OF REORGANIZATION DEVELOPMENTS IN THE STATES, 1963-67

Alabama.—Our study uncovered no information of major administrative reorganization in Alabama during this five year period.

Alaska.—The legislature created a Department of Highways (1963) advancing that function from its previous divisional status in the Department of Public Works. The Commissioner of Highways is appointed by the Governor and is one of 14 Commissioners who comprise the Governor's cabinet.

A new Planning and Research Division was established by statute in the Office of the Governor (1966). This function was formerly assigned to the Department of Economic Development and Planning.

The legislature also established a new Alaska State Council on the Arts (1966).

Arizona.—An executive budget system was established by statute and assigned functionally to a new Department of Finance (1966). The commissioner of the Department serves at the Governor's pleasure. Other activities of the Department include state planning (1966) and purchasing (1967) each of which has divisional status.

Arkansas.—A new Planning Commission was created to assume certain functions of the Arkansas Geological and Conservation Commission (1963). The Commission is involved in state and local planning and it coordinates state and local applications for federal grants and loans. The executive director is appointed by and serves at the pleasure of the Governor.

An addition to the Governor's staff resulted from creation of the post of Economic Advisor (1965).

California.—The legislature established a new Department of Social Welfare with a director appointed by the Governor (1963). The Department assumed the regulatory and appellate functions of the State Social Welfare Board which became purely an advisory body. Also created by law was a Department of General Services which was given activities formerly performed by the Department of Finance and the Department of Public Works (1963). Those activities include accounting, budgeting, data processing, architectural and building services, printing, purchasing, management planning and others. The director is appointed by the Governor.

An Intergovernmental Council on Urban Growth was made an adjunct of the Governor's office, by statute (1966). Procedures for removing a disabled Governor from office were added to the constitution by amendment (1966).

By executive order all departments and agencies in California state government were directed to report to the Governor through three "executive secretaries"—for Human Relations, Resources and Development, and Business and

Transportation (1967). The director of the Department of Agriculture was subsequently added to the group of executive secretaries and all four comprise the Governor's cabinet. This arrangement replaced the previous structure by which all departments and other units were grouped into eight "agencies" headed by "administrators."

Colorado.—The Department of Parks and Recreation and the Department of Game and Fish were merged into a new Department of Game, Fish and Parks by statute (1963).

A constitutional amendment transferred the State Auditor from the executive to the legislative department (1964).

Another amendment (1966) provides that instrumentalities of the executive department with certain exceptions must be grouped into not more than 20 departments.

By statute the legislature created separate air and water pollution control commissions (1966).

Connecticut.—The Connecticut legislature consolidated functions affecting youth in a Commission on Youth Services which is administratively attached to the Department of Education (1963). By executive order the Governor established a Commission on Federal Aid to Higher Education (1963).

The Governor created an Office of Economic Opportunity in the Department of Finance and Control by executive order (1964).

A "Federal Program Coordinator" was designated by the commissioner of the Department of Finance and Control (1965). The legislature by statutory action transferred the Data Processing Center from the Budget Division to the Office of the State Comptroller (1965). By legislative action all state institutions of higher learning except state technical colleges were integrated into a single state system of higher education headed by a commissioner (1965). A group of occupational licensing boards was assigned administratively to the Department of Education by statute (1965).

The legislature established a State Personnel Department headed by a commissioner to replace the previous Personnel Department, Civil Service Commission, and Personnel Board (1967). A new Department of Community Affairs was created by statute and was given some functions formerly performed by the Development Commission, Public Works Department, and the Office of Economic Opportunity (1967). The Connecticut Historical Commission was separated from the Department of Education and given independent status, by statute (1967).

The legislature added the state technical colleges to the consolidated higher education system, thus removing an exception allowed by the 1965 act which organized the system (1967). Statutory action also consolidated the Connecticut State Prison, State Farm and Prison for Women, Connecticut Reformatory, the State Jails, and the Board of Parole in a new Department of Corrections (1967). The Commission on Federal Aid to Higher Education was attached to the Department of Finance and Control by statute (1967).

Delaware.—The legislature reorganized fiscal administration in state government (1963). The position of Budget Director made appointive by the Governor, was created to replace the Budget Commission which became purely an advisory body. In a transfer of functions pre-auditing was reassigned from the State Auditor to the Budget Director and post-auditing was moved from the Budget Director to the State Auditor (who was and remains independently elected).

New agencies created were a Department of Mental Health, a Department of Correction, and a Higher Education Advisory Commission (1964). The latter agency was assigned the administration of the federal Higher Education Facilities Act of 1963.

The legislature combined air and water pollution control efforts in a Water and Air Pollution Resources Commission (1966).

Florida.—The legislature created a Revenue Commission to take over certain revenue activities of the State Comptroller and Secretary of State (1963). The Commission, which is composed of seven elective officials, appoints the Director of Revenue. Also established were an Outdoor Recreational Development Council and an Outdoor Recreational Planning Committee (1963). A constitutional amendment was adopted which provided that the Governor and cabinet officials would henceforth be elected for four-year terms in the even-numbered years between presidential elections and further, that the Governor could not succeed himself (1963).

A Committee on Government Reorganization and Efficiency was established by the legislature (1964).

The Outdoor Recreational Planning Committee was abolished but the Outdoor Recreational Development Council was retained and its basic statute amended (1967). The Council is composed of the Governor as chairman, plus the other six independently elected cabinet officials. A State Personnel Board under the cabinet was established by law (1967). Other statutes created an Office of State Planning and a Data Processing Department (1967).

Georgia.—A statute was enacted which provided that the Governor-elect be given certain information and facilities during the period between his election and inauguration (1963). The legislature authorized the Governor to consolidate, subject to its ratification, state agencies and departments (1963). The three-member State Highway Board was reorganized into an eleven-member Board with a fulltime director (1963). Statutory action created a Division for Children and Youth in the Department of Family and Children Services (1963). The Division is "autonomous" with its own Board for Children and Youth with the director of the Department serving as chairman of the Board.

A constitutional amendment brought about recomposition of the State Board of Education to include eight members appointed by the Governor and the elective Superintendent of Public Instruction (1964).

A State Planning Bureau to coordinate state, regional, and local planning was created by the legislature (1967).

Hawaii.—A constitutional amendment providing for the Governor and Lieutenant Governor to be elected jointly was approved (1963). The legislature formed a new Department of Planning and Economic Development by merging the Department of Planning and Research and the Department of Economic Development (1963). The director of the Department is appointed by the Governor. The new department became the seventeenth in Hawaii's executive branch.

The Department of Budget and Revenue was renamed the Department of Budget and Finance and the Department of Treasury and Regulation became the Department of Regulatory Agencies by statutory action (1963).

Funds to establish the office of Consumer Counsel under the Attorney General were approved by the legislature (1964). Constitutional amendments changed the State Board of Education from appointive to elective, changed the title of the Superintendent of Public Instruction to Superintendent of Education, removed the Superintendent from voting membership on the Board of Education, and made him its secretary (1964).

Idaho.—The legislature appropriated funds for a staff position of coordinator of federal-state programs in the Office of the Governor (1965).

A State Commission on Arts and Humanities was established by executive order of the Governor (1966). A Water Resources Agency was created pursuant to a constitutional amendment approved by the voters (1966).

Legislation was approved establishing a new Department of Administrative Services with divisions of Budget, Data Processing, Management Services, Building Services and Communications (1967). The director is appointed by the Governor.

Illinois.—A new Department of Children and Family Services was set up by law to assume certain functions formerly in the Department of Mental Health (1963). The director is an appointee of the Governor. Statutory action also resulted in abolition of the Illinois Public Aid Commission and its replacement by a new Department of Public Aid headed by a director appointed by the Governor (1963).

Indiana.—A Construction Projects Study Committee was established by law to coordinate the construction activities of state agencies (1963). A Recreation Council was added to the State Board of Health and authorized to advise communities on recreation programs by law (1963). Statutory action created a Youth Council, designed to coordinate state services aimed toward preventing juvenile delinquency (1963). Another statute provided that a Governor-elect be given office space, an operating budget, and information on state activities in the interim between his election and inauguration (1963).

The legislature created a Department of Natural Resources which absorbed the functions of the former Department of Conservation, the Flood Control and Water Resources Commission, the State Soil Conservation Committee, and the Recreation Council (1965). The Department is headed by a director appointed by the Governor and by a Natural Resources Commission. The budget adopted

by the legislature included funds for a member of the Governor's staff to be located in Washington, D.C., as a federal-state-local relations coordinator (1965).

An Economic Development Authority was established by law for the purpose of aiding the industrial development efforts of local governments (1965). A statute abbreviated the name of the Department of Commerce, Industry, Agriculture, and Public Relations to "Department of Commerce" and redefined its duties to include industrial development, tourism, and state planning (1965). The director of the Department is the Lieutenant Governor who serves *ex officio* with no additional compensation.

The Budget Agency was assigned the function of coordinating federal aid programs in the state, by statute (1967). Federal aid applications of state agencies must be reviewed by the Budget Agency before they are submitted to the appropriate federal agencies. The legislature directed the Governor to examine "from time to time" the organization of state government and to submit reorganization plans as necessary (1967). To be effected such plans require affirmative enactment into law by the legislature.

Iowa.—The Governor established a Traffic Safety Coordinating Committee by executive order (1964).

Kansas.—The legislature created a new Department of Economic Development and assigned it industrial development, tourist promotion, and state and local planning functions (1963). The former Industrial Development Commission was abolished. The new agency is headed by a commission appointed by the Governor; the commission appoints the director of the Department.

Kentucky.—Three new divisions were established in the Department of Finance: Investment Management, Planning, and Organization and Methods Examination (1964). The Tax Commission was removed from the Department of Revenue and made a separate agency by statute (1964). A Board of Tax Appeals was also established (1964). The legislature authorized the Governor to appoint a Commission on Economy and Efficiency to investigate cost reduction in state government (1964).

Legislative action created a Mining Council, Traffic Safety Coordinating Committee, and State Air Pollution Committee (1966). Also established was a cabinet-level position assigned responsibilities in housing and urban development (1966).

Louisiana.—The Louisiana legislature allocated \$10,000 for the office expenses of the Governor-elect (1963). State purchasing was centralized in a new Central Purchasing Agency in the Division of Administration by statute (1964). Another law established the State Commission for the Higher Education Facilities Act; this agency administers the federal higher education acts of 1963 and 1965 in Louisiana (1964).

A Council on Governmental Reorganization was created by the legislature to recommend improvements in the executive branch (1965).

A constitutional amendment to allow the Governor to be elected to a second consecutive term was adopted (1966).

Maine.—A Recreation Authority was created by the legislature (1965). The Authority consists of nine members appointed by the Governor; the Authority appoints the manager of the agency. Another statute established a State Museum and commission to administer it (1965).

The Governor appointed a task force to study the reorganization of Maine state government (1967). Coordinated data processing was given a start with the Governor's appointment of an Interdepartmental Committee on Central Data Processing to be directed by the State Controller by executive order (1967). The Governor by executive order directed that all applications for nonstate funds be reported both to the Office of the Governor and to the Budget Office (1967).

Maryland.—A commission to advance educational and cultural television was established by statute (1966). Also established by statutory action was a new Department of Juvenile Services (1966). The planning and controlling of data processing in state government was assigned to the Budget Bureau in the Department of Budget and Procurement by statute (1966).

Massachusetts.—A Consumer's Council of 13 members was created and attached to the Office of the Governor by statute (1963). Also by statutory action the Public Works Commission was abolished and replaced by a new Department of Public Works (1963). The Department is headed by a commission of five members appointed by the Governor, one of five is designated by the Governor to be chairman of the commission and "Commissioner of Public Works"—the administrator of the Department.

The Legislature created a Higher Education Facilities Commission to administer in the state the federal Higher Education Facilities Act of 1963 (1964). The State Board of Education assumed the functions of the State Board of Control for Vocational Education which was abolished by statute (1964). Community colleges in the state were brought under the jurisdiction of a new state board for public two-year colleges by statute (1964). A new Department of Commerce and Development was established by law consolidating the former Department of Commerce, State Housing Board, Atomic Energy Commission, Mass Transportation Commission, and Division of Urban and Industrial Renewal (1964). The executive head of the agency is the Commissioner who is appointed by the Governor.

A constitutional amendment changing the terms of the Governor and other elected officials to four years was approved (1964). The Governor's staff was augmented with the addition of a Secretary for Intergroup Relations to assist in solving civil rights and employment problems. The function of approving receipt and expenditure of federal funds is vested in the Commissioner of Administration under the terms of the annual appropriation act. Statutory action reorganized the state's public education system abolishing a number of agencies and creating three new ones (1965). The new agencies are a Board of Education, a Board of Higher Education, and an Advisory Council on Education. All three boards are appointed by the Governor, the boards in turn appoint the executive heads of their respective organizations.

The Governor was given the power to initiate reorganization plans affecting the executive department under the terms of an amendment to the constitution (1966). The plans are submitted to the legislature which must accept or reject them *in toto* within 60 days after submission. A Council on Arts and Humanities was established by statute (1966). Decentralization of mental health services was accomplished by legislation providing for an area administrative structure in the Department of Mental Health (1966).

Michigan.—The legislature created a new Department of Economic Expansion and assigned to it state planning and other functions (1963). Michigan's 1958 law giving the Governor power to initiate reorganization plans was amended to provide that the legislature can amend or repeal such plans by law (1963). Data processing was centralized as a Division in the Department of Administration. (1963).

Michigan's new constitution included such features as joint election of the Governor and Lieutenant Governor, extension of their terms to four years, and a reduction in the number of elective executive officials (1964).

Statutory action brought about creation of a new state building authority (1964).

Pursuant to Michigan's new state constitution the legislature passed a far-reaching executive reorganization act (1965). It consolidated all agencies outside the legislature and judiciary and certain other exceptions into 19 administrative departments. Certain of the new departments are headed by single appointees of the Governor and others are headed by commissions which select their executive officers. Among numerous changes was the transfer of the Budget Division from the Department of Administration to the Office of the Governor.

Minnesota.—The Governor established a Traffic Safety Coordinating Committee (1964).

Mississippi.—The legislature designated the Building Commission as the agency to administer the federal Higher Education Facilities Act of 1963 (1964).

A constitutional amendment was approved which increased to four years the terms of the Auditor and Treasurer and prohibited the latter from succeeding himself in office (1966).

Missouri.—Legislation was enacted creating a commission to study governmental organization and to make recommendations to the 1965 legislature (1963). The Governor appointed a Committee on the Arts to explore ways of making the state's cultural institutions more effective (1963).

A constitutional amendment was adopted to allow Governors to succeed themselves in office (1965).

State, regional and local planning services were consolidated in a new Office of State and Regional Planning and Community Development attached to the Office of the Governor by statute (1966). The agency is headed by a director appointed by the Governor. The legislature has since upgraded the Office to a Department of Community Affairs (1967).

Montana.—The legislature created a new Department of Administration made up of Divisions of Accounting, Purchasing, Architecture and Engineering, and

General Services (1963). The Department is headed by the State Controller who is appointed by the Governor.

Nebraska.—The term of Nebraska's Governor was extended to four years (1963). Four year terms were also approved for the Secretary of State, Auditor of Public Accounts, Treasurer, and Attorney General (1964).

The legislature established a new Department of Administrative Services and assigned to it the functions of budgeting, accounting, purchasing, building, and data processing (1965).

The electorate approved constitutional amendments limiting the Governor to two consecutive four year terms and eliminating the ineligibility of elected executive officials from seeking state offices while serving in state offices (1966).

Nevada.—A new Department of Administration was created by the legislature which included in it the functions of budgeting, personnel, purchasing, and buildings and grounds (1963). The director is appointed by the Governor. Also established by law was a Department of Commerce with a director appointed by the Governor and with Divisions of Banking, Insurance, Real Estate, and Savings and Loan (1963). Functions relating to health, welfare, institutions, and youth services were consolidated in a new Department of Health and Welfare by law (1963). The director serves at the pleasure of the Governor. Further legislative action placed the state park system in the existing Department of Conservation and Natural Resources (1963).

The legislature transferred vocational rehabilitation activities from the Department of Education to an expanded and renamed Department of Health, Welfare, and Rehabilitation (1967).

New Hampshire.—The position of Coordinator of Federal Funds was established in the Attorney General's office by statute (1965). The Coordinator advises state agencies on federal grant programs and reviews their applications for the same.

The legislature transferred the Coordinator of Federal Funds to the Governor's office, and expanded his functions to include rendering assistance to local governments concerning federal grant programs (1967).

New Jersey.—The legislature consolidated the various state agencies involved in transportation in a new Department of Transportation (1965).

Statutory action resulted in the establishment of a council on the Arts, an Office of Economic Policy in the Department of Treasury, an Educational Facilities Authority, and a Department of Community Affairs (1966).

New Mexico.—A new Department of Aviation was established by the legislature (1963). The Department is headed by a board appointed by the Governor, the board in turn appoints the director of the agency. Also created by law were a Probation and Parole Board, a Department of Motor Vehicles, and a New Mexico State Authority, with the latter enabled to issue revenue bonds for improving recreational areas (1963).

The coordination of federal programs was assigned by the Governor to one of his staff agencies—the State Planning Office (1965). The legislature established the new position of legislative auditor in place of an elective state auditor (1965). Centralized administration of data processing was advanced with the legislature's creation of a new Department of Automated Data Processing (1966).

New York.—A constitutional amendment was approved which drew the line of succession to the Governorship from the Governor to the Lieutenant Governor to the Speaker of the House of Representatives (1963). A central computer system for state agencies was created in the Office of General Services (1963).

A comprehensive planning agency came into being with the legislature's establishment of the Office of Planning Coordination (1966).

North Carolina.—A Department of Mental Health was created and given the functions of the State Hospitals Board of Control and certain powers of the State Board of Health and State Board of Public Welfare by statute (1963). The Department is headed by a commissioner chosen by the State Board of Mental Health, itself appointed by the Governor.

To provide for coordination of federal-state programs affecting more than one state agency the Governor appointed a State Planning Task Force within the Department of Administration (1965). Representatives of selected agencies are members of the Task Force.

North Dakota.—The legislature designated the Department of Accounts and Purchases as the coordinating agency for federal grant programs (1965). State agencies must report grant applications to the Department. The Department was

also named as the state budget agency in a statute creating an executive budget system for North Dakota (1965).

Executive action brought about implementation of a 1959 law which provided for a centralized data processing operation in the Department of Accounts and Purchases (1966).

The position of State Planning Coordinator was created by executive order of the Governor in an effort to integrate the planning efforts of a number of state agencies (1967). The Coordinator is selected by the Governor.

Ohio.—A new Youth Commission was set up by the legislature to assume functions formerly performed by the Division of Juvenile Research, Classification, and Training of the Department of Mental Hygiene and Correction (1963). The chairman of the Youth Commission has cabinet rank. Another statute provided that all appointive department heads and certain other agency officers would have terms coinciding with the appointing Governor's, subject to earlier removal at his pleasure (1963). The Department of Industrial and Economic Development was renamed the Department of Development and its functions were redefined by statute (1963). Further statutory action created the Ohio Development Financing Commission which was authorized to issue revenue bonds for industrial development (1963). By executive order the Governor appointed a Council for Reorganization of Ohio State Government with a mandate to search for ways of improving efficiency and economy (1963).

The Department of Natural Resources was assigned forestry and reclamation functions by statute (1964). Legislative action also resulted in designation of the Department of Development as the state planning agency (1964).

The functions of the Pardon and Parole Commission which was abolished by the legislature were given to a new Adult Parole Authority in the Division of Correction, Department of Mental Hygiene and Correction (1965).

Oklahoma.—The legislature transferred aviation functions from the Industrial Development and Park Department to a new Aeronautics Commission (1963). The Governor appoints the Commission, which selects a director for the agency.

A position for a Washington, D.C. federal-state relations representative was authorized in the Industrial Development and Park Department by the legislature (1965). The position was subsequently eliminated (1967).

A constitutional amendment was approved which allows the Governor to serve two consecutive terms and permits the State Auditor, Secretary of State, and Treasurer to succeed themselves indefinitely (1966).

Oregon.—Statutory action resulted in grouping 16 agencies and boards into a new Department of Commerce, headed by a director appointed by the Governor (1964).

Pennsylvania.—The legislature abolished the State Council of Education and assigned its functions along with certain policy responsibilities of the Department of Public Instruction to a new State Board of Education (1963). The 17 members of the Board are appointed by the Governor, the Superintendent of Public Instruction or his designee is chief executive officer of the Board.

Also accomplished by statute was an authorization of funds to provide staff and office space to the Governor-elect in the period between his election and inauguration (1963).

A cabinet-level Department of Community Affairs was created by law (1965). And a new Bureau of Consumer Protection was established (1966).

A constitutional amendment provided for the joint election of the Governor and Lieutenant Governor and authorized both to succeed themselves in office for one additional term (1967).

Rhode Island.—The legislature established a Public Transit Authority empowered to acquire and operate local bus companies in financial difficulties (1964).

A Department of Natural Resources was established by law to supersede the former Departments of Agriculture and Conservation and to assume certain functions of the Department of Public Works (1965). The Governor took steps to coordinate federally-assisted programs by appointing an interdepartmental committee composed of selected department heads (1965).

Statutory action resulted in creation of a Consumer Council, a Cultural Arts Commission, and a Division of Air Pollution in the Department of Health (1966).

South Carolina.—A Special Services Division was created to provide centralized printing, data processing and other services to state agencies (1964). The State Superintendent of Education was made appointive by the State Board of Education by constitutional amendment (1964).

The Governor's staff was augmented by appointment of a State-Federal Coordinator (1965).

South Dakota.—The legislature established a new Office of the Budget in the Governor's office (1963). The agency is headed by the State Budget Officer who is appointed by the Governor for a term of four years subject to earlier removal for cause.

A Commission on Higher Education Facilities was created by law as the vehicle for state participation in the federal Higher Education Facilities Act of 1963 (1964).

Centralized data processing for state agencies was provided for when the legislature assigned that function to a new division in the Office of the Budget (1966). The legislature also established a new State Planning Agency in the Governor's office to provide planning services for the state and local governments (1966). A State Commission on Mental Health and Retardation was set up by law (1966).

Tennessee.—The Division of Industrial Development was attached to the Office of the Governor and the director made a member of the Governor's staff by law (1963). Legislation also transferred to the office of the Governor the industrial research and promotion and nuclear energy development functions of the Department of Conservation (1963). The legislature established a new Office of Local Government under the Comptroller of the Treasury who appoints the director with approval of the Governor (1963).

The Governor appointed a special assistant to coordinate federal programs (1965).

Texas.—The legislature formed a new Parks and Wildlife Department involving a merger of the State Parks Board and the Game and Fish Commission (1963).

A Division of Federal-State Relations was added to the Office of the Governor by law (1965). The Division is located in Washington, D.C. and is headed by a director appointed by the Governor.

Utah.—The Utah legislature created a Department of Finance which is headed by a director appointed by the Governor (1963). This arrangement replaced the former Commission of Finance, a three-member group which reported to a board composed of the state's three highest elected officials. Under the law the director is the principal officer of state government for budgeting, personnel, purchasing and accounting.

Statutory action also created the new post of State Planning Coordinator in the Office of the Governor (1963). The Coordinator was made responsible for state planning and local planning assistance.

A plan for centralized data processing services was approved by the Governor (1965).

Taking advantage of momentum supplied by the state's "Little Hoover Commission," the Utah legislature consolidated a number of agencies, boards, and commissions into three departments: Health and Welfare, Development Services, and Natural Resources. The Governor appoints a coordinating council of seven members for each department, the coordinating councils in turn appoint the respective department directors (1967).

An executive order recognized the federal liaison role of the State Planning Coordinator who had been acting in this capacity since 1964 (1967). The Coordinator by another executive order was directed to establish standards for the collection and reporting of information concerning state activities.

Vermont.—The Governor sought to achieve coordination in the natural resources field through an executive order creating an inter-agency committee including representation from five different agencies (1963). This mechanism was subsequently given statutory status (1964). The Governor serves as chairman of the committee.

A legislative authorization of \$2,500 was made for use by a Governor-elect in Vermont (1963).

The legislature created the Vermont Educational Building Finance Agency to assist colleges and secondary schools in financing building construction (1963).

Virginia.—The position of Commissioner of Administration was created in the office of the Governor by statute (1966). The Commissioner was assigned supervision over the existing Divisions of Budget and Personnel and over new Divisions of Planning, and Engineering and Buildings. The Commissioner is appointed by the Governor. The Division of Planning was given responsibilities at the state, regional and local levels.

Washington.—The legislature established a new Local Affairs Division in the Department of Commerce and Economic Development (1963). Local planning assistance was designated as the Division's chief function.

An office of Nuclear Energy Development was added to the Department of Commerce and Economic Development by statute (1965). Statutory action also resulted in redesignation of the Department of Licenses as the Department of Motor Vehicles (1965). New funding agencies created by the legislature were the Inter-Agency Commission for Outdoor Recreation and the Higher Education Facilities Commission (1965). The former was designed to administer certain state funds available for recreation as well as federal allocations, the latter is the state's instrument for participation in the federal Higher Education Facilities Act.

Administrative action resulted in the designation of a Coordinator of State-Federal Programs in the Central Budget Agency (1966).

The Tax Commission was abolished and its functions reassigned by the legislature to a new Department of Revenue and Board of Tax Appeals (1967). State and local planning activities were relocated in a new Planning and Community Affairs Agency in the Office of the Governor (1967). The legislation providing for the new agency also eliminated the Local Affairs Division in the Department of Commerce and Economic Development where the planning function had been assigned since 1963.

Statutory action resulted in abolition of the Department of Conservation, certain of its functions were transferred to the Department of Natural Resources and others were assigned to a new Department of Water Resources (1967). The legislature realigned agency responsibilities in the field of prison terms and parole in an attempt to concentrate administrative aspects in the Department of Institutions and quasi-judicial functions in the Board of Prison Terms and Paroles (1967).

Legislation also established a State Building Authority to assist in financing the construction projects of public universities and colleges and a new Office of Foreign Trade in the Department of Commerce and Economic Development (1967).

West Virginia.—A Department of Personnel was established by the legislature (1965). The legislature also enacted a statute providing that the terms of department heads be concurrent with that of the Governor subject to earlier removal at the Governor's pleasure (1965).

An office of Public Information was created in the Office of the Governor by law (1966). The function of the new agency is to coordinate and disseminate news from virtually all departments of state government.

Continuing studies of executive agencies are being undertaken by legislative interim committees.

Wisconsin.—Wisconsin's centralized data processing system was established as a separate major unit within the Department of Administration (1963).

The legislature established the Commission on the Reorganization of the Administrative Branch to study the need for possible reforms and to make recommendations to the 1967 legislature (1965).

A Water Resources Division was added to the Department of Resource Development (1966). By administrative action the Commissioner of Administration provided for a statewide policy planning unit in the Department of Administration (1966). The same Department was further augmented when the legislature established within it a new federal aids management service to perform coordination of federally-assisted programs (1966).

Constitutional amendments were adopted providing for joint election of the Governor and Lieutenant Governor and lengthening the terms of these two officials plus the Secretary of State, Attorney General, and State Treasurer from two to four years (1967).

After receiving the report of the Commission on the Reorganization of the Administrative Branch the legislature enacted into law a major reorganization of executive agencies (1967). Under its terms 85 separate agencies were grouped into 32 departments, offices and agencies. Among the specific changes were merger of the Department of Conservation with the Department of Resource Development, merger of the Board of Health with the Public Welfare Department, consolidation of transportation functions into a single agency, creation of a Department of Local Affairs and Development, and establishment of a Department of Justice headed by the Attorney General.

Wyoming.—The legislature designated the State Department of Education as the agency for state-federal liaison in programs of federal aid to education

(1965). By action of the Governor a coordinator for economic opportunity programs in Wyoming was appointed (1965).

The Governor, as the state's chief budget officer, initiated centralization of the data processing activities of state agencies (1966).

The press secretary to the Governor was given the responsibilities of conducting research and coordinating public information emanating from agencies under the Governor's supervision (1967). The Wyoming Recreation Commission was created by statute and assigned the functions of the State Land and Water Conservation Commission, the State Parks Commission, and the Historical Sites Commission, all of which were abolished (1967). The position of Highway Safety Coordinator was established by the legislature to coordinate state highway safety activities and to provide state-federal liaison in this field (1967).

[Assembly bill No. 1072, California Legislature—1968 regular session]

Introduced by Assemblymen Ralph, Priolo, Brown, and Bill Greene, March 19, 1968. Referred to Committee on Governmental Efficiency and Economy.

AN ACT to add Sections 135.3, 135.4, 135.5, and 135.6 to the Streets and Highways Code, and to add Section 37110.5 to the Health and Safety Code, relating to replacement housing

The people of the State of California do enact as follows:

SECTION 1. Section 135.3 is added to the Streets and Highways Code, to read: "135.3. As used in Sections 135.4, 135.5, and 135.6:

"(a) 'Low-income individuals and families' means those persons who lack the financial ability and income necessary to obtain replacement housing.

"(b) 'Economically depressed area' means an area which the commission by resolution determines to meet all of the following criteria:

"(1) The state highway project is located in an area consisting principally of housing occupied by low-income individuals and families.

"(2) An adequate number of replacement housing units for low-income individuals and families is not available in the immediate area of the state highway project.

"(3) Relocation advisory assistance will be insufficient to place a majority of such individuals and families in replacement housing in the immediate area of the state highway project.

"(c) 'Replacement housing' means comparable single or multiple dwelling units which are decent, safe, and sanitary for low-income individuals and families."

SEC. 2. Section 135.4 is added to the Streets and Highways Code, to read:

"135.4. (a) As used in this section, 'relocation assistance' means, and shall be limited to, that assistance reasonably necessary to place low-income individuals and families who lack the financial ability and income to obtain replacement housing without relocation assistance, and who own and reside in housing in an economically depressed area and who are displaced because of the acquisition or clearance of right-of-way for a project on the state highway system, in replacement housing in the same relative economic ownership position as before displacement by transferring or exchanging their right, title, and interest in property required for state highway purposes for the right, title, and interest in replacement housing.

"(b) The department is authorized to provide relocation assistance to low-income individuals and families who own and reside in housing in an economically depressed area and who are displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system, which project is located in an economically depressed area.

"(c) The department is authorized to adopt rules and regulations to implement this section. Such rules and regulations shall include provisions relating to:

"(1) The methods and priorities for placing such low-income individuals and families in replacement housing.

"(2) The standards for determining the relative economic ownership position of such low-income individuals and families before displacement.

"(3) The standards for determining which of such low-income individuals and families lack the financial ability and income necessary to obtain replacement housing without relocation assistance.

"(4) The procedure for transferring or exchanging right, title, and interest in property required for state highway purposes for the right, title, and interest in replacement housing."

SEC. 3. Section 135.5 is added to the Streets and Highways Code, to read:

"135.5. The department may acquire, either in fee or in any lesser estate or interest, any unimproved or unoccupied real property, or real property not devoted primarily to residential use, to provide replacement housing for low-income individuals and families who reside in economically depressed areas and are displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system, in order to enable them to live in decent, safe, and sanitary dwellings. All other property acquired for such purpose shall be acquired by means other than condemnation. The acquisition of such property is declared to be a public purpose and use."

SEC. 4. Section 135.6 is added to the Streets and Highways Code, to read:

"135.6. The department may contract with other public agencies, private individuals, and corporations for the financing, planning, development, construction, management, sale, exchange, or lease of replacement housing. Low-income individuals and families displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system shall be given priority in buying, leasing, transferring, or exchanging property for replacement housing."

SEC. 4. Section 37110.5 is added to the Health and Safety Code, to read:

"37110.5. The department may provide assistance to the Department of Public Works in the undertaking, construction, maintenance, operation, or financing of replacement housing designed for persons displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system. The department may advise the California Highway Commission of its recommendation whether or not an area traversed by an adopted highway location is an area that is economically depressed before the California Highway Commission makes its determination thereon."

SEC. 6. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

LEGISLATIVE COUNSEL'S DIGEST

AB 1072, as introduced, Ralph (G.E.&E.). Replacement housing.

Adds various secs., S.&H.C., and H.&S.C.

Authorizes Department of Public Works to provide relocation assistance to low income individuals and families who own and reside in housing located in an economically depressed area who are displaced as a result of the acquisition or clearance of rights-of-way for a project on the state highway system, by the acquisition of replacement housing for such individuals and families. Defines terms. Authorizes the department to adopt rules and regulations providing standards and procedures for such relocation assistance.

Authorizes the department to condemn unimproved or unoccupied real property, or real property not devoted primarily to residential use, to provide replacement housing for low income individuals and families who reside in economically depressed areas and are so displaced; provides that acquisition of all other property for such purpose must be by means other than condemnation.

Authorizes the department to contract with public and private entities for the financing, planning, development, construction, management, sale, exchange, or lease of replacement housing; and gives low income individuals and families so displaced priority in buying, leasing, transferring, or exchanging property for replacement housing.

Authorizes the Department of Housing and Community Development to render assistance to the department in the undertaking, construction, maintenance, operation, or financing of replacement housing, and to advise the California Highway Commission regarding whether or not an area traversed by an adopted highway location is an economically depressed area.

RELOCATION PROGRAM FOR LOW INCOME FAMILIES

California has been working toward solution of the serious economic hardship caused when public projects such as highways require the acquisition of large number of homes owned by *low income families*.

At present time, our Division of Highways can legally assist these families three ways: (1) pay fair market value, (2) help find them another house, (3) reimburse their moving costs. However, in depressed areas a \$10,000 home may

provide housing for a large family, but the \$10,000 fair market value payment may not be sufficient to purchase a replacement home.

The problem is particularly acute when a project places a large number of families in limited housing market at the same time. For example, two future freeways (Century, Industrial) in Watts will require 1100 low income home owners to seek replacement housing which is practically non-existent.

RECOMMENDATION: In California, legislation has been drafted at our request which has a potential for solving this problem. The enabling statute would:

1. Authorize expenditure of highway funds to provide exchange housing for *low income families in depressed areas* whose homes are acquired during highway construction.

2. Give *low income families* option during negotiations of accepting *exchange housing* or *fair market value*. Court basis for compensation will remain fair market value.

The important feature is that family would be assured of being in "same relative economic ownership position" (i.e. wouldn't be burdened with higher payments or lower equity).

This replacement program is *triggered* by a *finding* of our Highway Commission that the proposed route lies in a depressed area containing a large number of low income families and adequate replacement housing is unavailable (Administrative Regulations will define standards).

The exchange housing would be provided variety of ways: (1) Houses acquired in other right of way transactions will be moved into individual lots or larger parcels purchased by State. Houses would be renovated and landscaping added prior to transfer; (2) New homes will be built or; (3) Existing houses & lots will be purchased (not condemned by State). In all cases, we would transfer ownership to family making up monetary difference so that equity and payments are equivalent to their original home.

Implementation will be accomplished by a special right of way team which will develop an inventory of housing alternatives. *After* these replacement alternatives are available *then* owners will be contacted.

For example, the owner occupant may have a three bedroom house worth \$10,000, owe \$5,000 and pay \$50.00 per month. The ideal would be complete duplication, but under current market conditions this will be difficult. In this instance, the owner might be offered a three bedroom house of equal utility, owe \$5,000 payable at \$50.00 per month. But, the replacement house may be valued at \$12,000 instead of \$10,000.

This proposal is unique because it maintains incentive of private ownership, upgrades housing in depressed area, offers workable standards to limit fiscal implication and allows opportunity for cooperation with private sector and community groups.

Approach has potential for use on all public projects. HUD is now looking at idea as solution nationally and may ask to join with us in making Watts a model project.

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., June 6, 1968.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Old Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: On May 10, 1968, testimony was presented on behalf of the National Governors' Conference and the Council of State Governments on the Intergovernmental Cooperation Act (S. 698). At that time, it was indicated that additional comments would be forthcoming on the recently proposed amendment to the Act which provided for a new title covering accounting, auditing, and reporting of federal assistance funds. In that regard, it is respectfully requested that this letter expressing our views on the new title be made part of the hearing record on the Intergovernmental Cooperation Act.

While recognizing that federal agencies are charged by Congress with the responsibility of insuring the proper use of grant funds distributed to the states and local governments, we urge that every effort be made to avoid placing undue and time-consuming burdens on state and local administrators.

In the National Association of Budget Officers' report entitled "Federal Grant-In-Aid Requirements Impeding State Administration" it was noted by one state official that some 54 individual fiscal reports were required under the Vocational

Education Act of 1963. While funds were appropriated for only 6 major purposes under this Act, federal reports were required for all sub-programs conducted under the Vocational Education Act. This can take weeks of staff time in preparing the various reports.

In addition to the reporting procedure, slow auditing procedures require that state and local governments keep records for excessive lengths of time. This requirement creates storage and personnel problems for state agencies.

These are two examples which underscore the need to seek consolidation of programs and uniformity of procedures. In this regard, we feel that the new title proposed under Amendment No. 748 to the Intergovernmental Cooperation Act will go a long way in providing for uniformity of procedures while not thwarting the basic tenets of the Intergovernmental Cooperation Act. The reporting and auditing title should be considered, however, as a stop-gap proposal. Every effort must be made to implement the provisions of the Intergovernmental Cooperation Act and the Joint Funding Act. These two proposals are aimed at correcting basic problems now impeding the efficiency and potential of federal grants-in-aid to state and local governments.

In summary, we do not object to the proposals outlined in Amendment No. 748. But we do hope that this proposal, which is aimed at correcting symptoms, will not be substituted for action on the fundamental concepts outlined in the Intergovernmental Cooperation Act and the Joint Funding Act.

We trust that you will find these comments responsive. However, should you have any additional questions concerning this matter, please feel free to contact us.

Sincerely,

CHARLES A. BYRLEY.

Senator MUSKIE. The last witness for the morning is Mr. Nathaniel S. Keith, President of the National Housing Conference, Inc.

Mr. Keith, it is a pleasure to welcome you.

STATEMENT OF NATHANIEL S. KEITH, PRESIDENT, NATIONAL HOUSING CONFERENCE, INC.

Mr. KEITH. Thank you, Mr. Chairman. I have a prepared statement. If it is agreeable to you, I shall read it.

Senator MUSKIE. Proceed.

Mr. KEITH. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present the views of the National Housing Conference on S. 698, the proposed Intergovernmental Cooperation Act.

The National Housing Conference, founded in 1931, is a nonprofit organization representing the coalition of representatives of public interest organizations, professionals, leaders in labor and religious groups, businessmen, and other citizens who share an active interest in supporting effective legislation in the field of housing and community development. While traditionally our focus has been on housing programs to meet the needs of families and individuals of low and moderate income, our interests at the same time encompass the entire field of urban development problems for communities of all sizes. Over the years, the National Housing Conference, therefore, has been deeply concerned with the problems of effective coordination of Federal aid programs in this particular field with the State and local agencies directly involved in the execution of such programs.

We are, therefore, in general agreement with the objectives of title II, title III, and title IV of S. 698. The establishment of such new Federal programs as the Model Cities program and the Metropolitan Development provisions of the Demonstration Cities and Metropolitan Development Act of 1966, which will require close coordination among

Federal departments and agencies and their State and local counterparts, makes this objective all the more essential.

The National Housing Conference strongly supported for many years the establishment of the Department of Housing and Urban Development. The legislation which led to the establishment of this Department in 1965 was recommended to the Senate by the Committee on Governmental Operations in that year. As the members of the subcommittee well know, section 3(b) of the act establishing this Department set forth the following charter for the Secretary of Housing and Urban Development from the standpoint of coordination of Federal programs and activities relating to housing and urban development:

The Secretary shall, among his responsibilities, advise the President with respect to Federal programs and activities relating to housing and urban development; develop and recommend to the President policies for fostering the orderly growth and development of the Nation's urban areas; exercise leadership at the direction of the President in coordinating Federal activities affecting housing and urban development; provide technical assistance and information, including a clearinghouse service to aid State, county, town, village, or other local governments in developing solutions to community and metropolitan development problems; consult and cooperate with State Governors and State agencies, including, when appropriate, holding informal public hearings, with respect to Federal and State programs for assisting communities in developing solutions to community and metropolitan development problems and for encouraging effective regional cooperation in the planning and conduct of community and metropolitan development programs and projects; encourage comprehensive planning by the State and local governments with a view to coordinating Federal, State, and local urban and community development activities . . .

I cite this existing statutory authority, not from the standpoint of disagreeing with the general objectives of the above titles of S. 698, but rather to raise the question as to whether additional statutory authority is necessary in order to accomplish these objectives.

From the standpoint of the experience of our membership with local programs, the main deficiency in carrying out the above charter for the Secretary of Housing and Urban Development has been the inability to secure funding for the clearinghouse service for State and local governments in utilizing efficiently and effectively the multiplicity of Federal aid programs which are available. As the subcommittee knows, appropriations for this function have not been approved by the Congress.

The National Housing Conference strongly supports the provisions of title VIII of S. 698 with respect to uniform relocation assistance for families, individuals, and businesses displaced by direct or federally assisted public action. Our organization has long supported the establishment of programs for financial assistance and standards for such relocation assistance comparable to that existing for the urban renewal program and more recently for the federally assisted low-rent housing program. The provisions of title VIII would liberalize somewhat the existing provisions under the urban renewal program and the low-rent housing program and we support this liberalization. In our opinion, the most urgent aspect of this problem is to apply these mandatory requirements to the federally aided highway program which is currently the largest source of the family and business displacement.

We also support the provisions of title IX of S. 698 to establish a uniform land acquisition policy both for direct Federal programs and

for federally assisted programs. The provisions of this title would bring other Federal programs generally in line with the provisions established by title IV of the Housing and Urban Development Act of 1965 covering the principal activities of the Department of Housing and Urban Development in its assistance programs to the land acquisition activities of local agencies.

I appreciate this opportunity to present our views to the subcommittee.

Senator MUSKIE. Thank you very much, Mr. Keith. We appreciate your testimony.

Mr. KEITH. Thank you, Senator.

Senator MUSKIE. The committee will be in recess until next Tuesday at 10 o'clock.

(Thereupon, at 11:55 a.m., the subcommittee recessed until the following Tuesday, May 14, 1968, at 10 a.m.)

S. 698—INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

TUESDAY, MAY 14, 1968

**U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENTAL OPERATIONS,
*Washington, D.C.***

The subcommittee met, pursuant to notice, at 10:15 a.m., in room 457, Old Senate Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senators Muskie and Baker.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order.

Unfortunately, we do not have a public address system. The committee rooms are so filled with hearings these days that it is hard to get a room to be heard. I trust we will have microphones tomorrow, but today we will have to get along without them, which ought not to be too difficult.

Our first witness this morning is an old friend and colleague from the Advisory Commission on Intergovernmental Relations, Mrs. Gladys Spellman, Commissioner of Prince Georges County. I know that your testimony will be most worthwhile as I have listened to the contributions you have made in public forums. Mrs. Spellman, it is a pleasure to welcome you this morning.

TESTIMONY OF MRS. GLADYS SPELLMAN, COUNTY COMMISSIONER, PRINCE GEORGES COUNTY, MD.

Mrs. SPELLMAN. Thank you, sir. When you say you have listened to me in other forums, you are not kidding, are you?

But, it has been such a real pleasure working with you, and I mean this sincerely. It has been an inspiration. You are just, I will say publicly, great. You really are.

Senator MUSKIE. Thank you.

Mrs. SPELLMAN. I am here today serving as a representative of the National Association of County Officials.

Can I be heard up there?

Senator MUSKIE. Yes. Senator Baker is younger than I am, so I am sure he can hear.

Mrs. SPELLMAN. I was just, as a matter of fact, telling the story that Senator Baker had told up in Detroit on how his father-in-law had pointed out to everyone that he was not politically inclined and would get nowhere in politics.

Senator BAKER. Well, I still have some hope.

Mrs. SPELLMAN. You will have to develop your voice just a little bit more. You are doing quite well, but a little more and you will be there.

At the outset today, the National Association of Counties would like once again to express its wholehearted support for the Intergovernmental Cooperation Act of 1968. This is the fourth year that NACO has come before you to endorse this important and necessary legislation. It is disappointing that such fundamental correctional legislation, embodying concrete and desirable alterations in the administration of our Federal Government's massive grant-in-aid program, has not already been enacted and implemented. We would like to commend this committee for holding hearings again this year. In an era of intergovernmental relations, creative federalism, if you will, this bill almost cries out for action.

The problems with which this legislation concerns itself are myriad. They involve the effective and efficient operation of our grant-in-aid system. They concern the viability of local-State-Federal relations. Federal aid funds have quadrupled since 1955. And so, unfortunately, have the problems of all levels of government, both with regard to the implementation of programs to meet the crisis of public service to our citizens, and with regard to the procuring and administering of funds to meet the increasing demands. The Intergovernmental Cooperation Act would give impetus to the huge task of coordinating at all levels of government. It would make more effective and equitable the Federal Government's \$17 billion grant-in-aid programs, its use and acquisition of land in urban areas, and its relocation assistance policies.

We are all familiar with the problems which our State and local governments encounter with regard to obtaining the administering Federal grant-in-aid funds. Briefly, they are:

(1) Long delays and continued uncertainty from application to final funding.

(2) Lack of adequate priority ranking systems.

(3) The enormous local machinery and capacity to coordinate the 359 grant programs at the point of impact.

Many counties just cannot tackle this problem adequately.

(4) Lack, in many Federal programs, of a requirement involving the active and continuing participation of local elected officials.

And to me this is a most serious oversight.

(5) Overlap of comprehensive planning requirements for each program, and the lack of coordination of required functional plans.

(6) Confusion at the point of impact as to the duplication of Federal efforts. And I cannot begin to tell you how much confusion really exists. Our one Federal agency does not understand the programs or the problems of the other, and the State and local government are enmeshed in this mass.

Well, that seems to paint a pretty bleak picture, but I am happy to say there is a positive side.

NACO is extremely pleased with the cooperative steps which have been taken by many departments and agencies to deal with the above problems that I have outlined. The Department of Housing and Urban Development has recently published a priority system for its grants

under the open space program. The FHA recently in our county agreed to keep us advised of low-rent projects approved within our jurisdiction so that our community development department can be prepared to take by the hand people living in substandard housing to guide them into new projects. Until now we would learn of such projects only by reading about them in the newspapers.

Unfortunately, many departments are not cooperating as well. Many are not utilizing the A-80 and A-85 procedures to the extent which could maximize their efficiency. The proposed legislation, we feel, will contribute greatly to the progress underway, individually and between agencies, to coordinate better and make more effective our Federal grant-in-aid programs.

Grants-in-aid have played and will continue to play a crucial role in serving the national interest. They have helped facilitate change—change in perspective and priorities, in thinking, and in action to combat major social and economic problems. They have promoted innovation and breakthrough in getting to the roots of those problems, although too many programs today are still merely hacking away at the branches. But the Federal aid program needs more than a considerable shaking up if it is to make any more than a dent in the accelerating problems which threaten to overwhelm all local governments in the 1970's.

Federal aid programs must be designed and administered to provide greater flexibility and discretion at the local level and they must be administered in such a way to avoid the chaotic effect which present grant-in-aid programs have on budgeting procedures. The Federal agencies at present do not sign contracts in conformity with their fiscal year, our fiscal year, or anyone else's fiscal year.

We feel that Congress, through the proposed legislation, can effectively guide and improve the impact of our present Federal aid programs. Some of the proposed changes are indeed simple in concept but they will go far to enhance the future of creative federalism.

Title II, for instance, improves administration of grants-in-aid to the States, and title III, permits Federal departments and agencies to provide special and technical services to State and local governments. It seems to us axiomatic that the Governor of a State should have access to information relating to the purpose and amounts of Federal aid coming into his State. It has always seemed to us that excessive redtape is created when a State is required to deposit Federal money in a separate bank account.

Counties, too, are often victims of continuing obsolescent administrative practices. Not all are as fortunate as my county of Prince Georges. Often counties do not possess the talent and the financial resources to modernize. Specialized and technical services developed through the use of Federal tax dollars should be made available to local governments so that they may benefit from this expertise. We find it within the desirable goals of intergovernmental relations that local government should be allowed to contract for special and technical services with Federal agencies who developed the requisite know-how and abilities.

Because of their areawide and regional character, counties are often the unit of government best equipped to carry the ball with such regional programs as air, water, waste control, area traffic and road

programs, mass transit, open space, and so forth. Consequently, the Nation's 3,000 counties are experiencing new surges of life. Opening up Federal and technical assistance to these local governments, coupled with the extensive provision of the Intergovernmental Personnel Act which passed the Senate last year, will do much to assure continued progress at the county level in these vital areas.

We wish to emphasize particularly the vital necessity of title IV of this bill, providing for coordinated intergovernmental administration of grants for urban development. For years the Federal Government, by impact of certain grant-in-aid programs, has been hindering the development of viable, responsible, general-purpose, local government. We refer to the large amounts of Federal moneys which are not channeled through the units of general local government, but rather through private individuals or special-purpose units. This, in many cases, further fragments local government's ability to coordinate the impact of Federal assistance. A Federal policy minimizing this practice to the greatest extent practicable would go a long way in developing the capacity of general-purpose units of government to exercise responsibility for public needs.

Sections 401 and 402 are vital if we are to discontinue the errors of the past. Prince Georges County has made a great effort in time, energy, money, and yes, in heart, to study in depth, our housing problems and the needs of our underprivileged citizens. We know what we must do, we know what we must have built, we know where we should encourage such building projects, and we are making a real effort to solve the problems utilizing both public and private capital.

But, and this "but" is an enormous but, developers are being granted financing by the Federal Government in very, very large sums to build 221(d)(3) low- and middle-income projects in our county, not where they would help us, but in many instances where they may do considerable harm. Instead of placing a little of this housing here, another project there, fitting them into the community so that they do not downgrade their surroundings, but instead serve to upgrade their old tenants, we find huge developments about to be built in such a manner that we can predict that they will become the tenement slums of tomorrow. All our planning, all of our know-how, all of our hopes for the future are just being set aside.

For the Acting Director of the FHA, a most cooperative gentleman, sees and understands our problems. But he knows that we have good intentions and that we have been working to carry them out, and he has made every attempt to cooperate to the best of his agency's ability, but Congress neglected to insert one important factor in its enabling legislation for these housing programs. It neglected to allow the local government a voice in determining, first, how much low-income housing it needs, the size of the projects to be built, and their placement for maximum benefit and minimum adverse effects. And so you see, it is ironic that on the one hand, Congress, through the model cities program, encouraged us to take a comprehensive approach to our problems, but on the other hand, Congress did not permit a Federal agency to respect our local government's attempt to utilize the comprehensive approach.

Section 401 recognizes the need for cranking the local government into the decisionmaking process, and it will greatly assist our counties

in their efforts to grow into the viable units they are capable of becoming.

Section 402 recognizes the need for granting funds through the general-purpose unit of government rather than the special-purpose unit in order to promote the coordinated approach to problem solving, and we feel the sections are vital to the future success of any consolidation program.

Another area we would like again to add our endorsement to is title VI, consolidation of grant-in-aid programs. NACO has continually supported the consolidation of categorical grant-in-aid programs into broader, functional, grant programs which can be more effectively related to State and local planning processes. We have endorsed the "bloc-grant" approach in the administration of comprehensive health partnership relations. Our American county platform, for example, urges the creation of a new Federal category of public assistance based upon the single criteria of need, and with a single Federal formula as contrasted to the categorical, all with separate formulas, separate eligibility requirements, separate recordkeeping requirements. We believe that consolidation of aid to the aged, the blind, the children, and the disabled, would be a good example of what might be done. There are many other examples. The water-sewer programs, presently administered by four Federal departments, deserve further attention with regard to possible consolidation.

By virtue of the overlapping jurisdiction of the various departments, and the consequential myriad of authorizations for these programs, we approve of the provision enabling the Executive Office of the President to initiate these consolidations, with congressional consideration as provided in section 603.

We would hope that the purposes of any consolidation as listed in section 601 would thus blossom into the bloc-grant approach so much discussed these days, but so often misunderstood. We should like to make clear our understanding of what we envision a consolidation into a bloc-grant approach as achieving.

Although bloc grants are defined in a variety of ways, we view them as an allocation process by which State and local governments receive Federal funds to be used for one general area of need; for example, health. Furthermore, the recipients have broad discretion and flexibility in their use, in order to best meet their own individual needs and requirements. All too often today governments are skirting their individual needs by patterning their programs to fit the grant criteria rather than to fit their own actual situations.

The bloc grant would have an immediate impact on developing local management capacity for the coordination of their own activities as well as Federal grant programs. Regardless of coordination progress at the Federal and State level, confusion will continue until coordination takes place at the city and county levels.

As you know, in previous testimony, NACO has endorsed titles IV, V, and VII of the bill. I should like to reiterate our policy on these important areas by quoting from portions of our American county platform, the entire relevant sections of which are reprinted in the appendix to our testimony.

I quote:

Federal aid for urban development administered by numerous Federal departments and agencies are of vital importance to the Nation's counties. Such pro-

grams, however, must be coordinated with each other and with local planning and decisionmaking and administered through effective and responsible local governments . . .

Few Federal programs have the stated objective of implementing locally adopted plans for development. To remedy these conditions which have an adverse effect on local government, NACO recommends: (1) that Congress remove from Federal aid programs for urban development all limitations which require or promote special districts to the disadvantage of counties and other general units of local government, (2) that effective functional and comprehensive planning be encouraged at the local level to the extent appropriate in all Federal urban development aid programs, (3) that both Federal and State programs encourage joint participation in cooperative projects by local governments through removal of population and dollar limitations and through the use of financial incentives . . . (5) that Congress and the executive branch establish the principle and implement the practice of Federal interagency coordination in the full range of programs affecting local government.

Title VIII, uniform relocation assistance, will attack one of the most glaring problems relating to our various grant programs, that is, inconsistent and inequitable relocation policies. Again, the American county platform spells out our endorsement of this title:

The National Association of Counties supports enactment of the proposed legislation which would establish a uniform and consistent Federal policy for protection of all persons and businesses displaced by direct Federal and federally assisted programs: (1) by compensating for the full costs of such displacements; (2) by requiring provision of a program of advisory assistance and service; (3) by assuring availability of adequate housing as a condition of Federal grants-in-aid, similar to the requirements in the Federal urban renewal program; and (4) by advancing 100 percent of funds for the prompt acquisition of highway rights-of-way for Federal-aid highways and by authorizing State governments to reimburse their State share over the period of the actual construction schedule.

Title VII, urban land utilization.

The acquisition, use, and disposition of real property by the Federal Government vitally affect the local governments where such property is located. Local government must often stand by and see transactions entered into by the Federal Government which are just not consistent with the local government's zoning and land-use practices. Our American county platform recommends that "no such acquisition or disposition of property be made except upon advance consultation with officials of State and local governments sharing jurisdiction where the particular property is situated. What results in many cases where local government is not consulted, is a use not in conformity with local comprehensive planning. Again, here you see it is ironic that our Federal Government should be the cause and catalyst of uses which violate local zoning and land-use planning, while at the same time requiring so many "comprehensive plans" of its own. We feel that the Federal Government, as a partner, should be made to be more cognizant of the desires and plans of local government when it acquires, changes the use of, or disposes of its own lands.

TITLE IX—UNIFORM LAND ACQUISITION POLICY

The need for a uniform Federal policy on land acquisition practices has become increasingly apparent in recent years. Effective implementation of the principles of negotiation purchase, appraisal before negotiation, and providing an opportunity for the owner to accompany the appraiser, will do much to relieve the present congestion of the courts and to assure consistent treatment for landowners.

The many varying procedures caused by the vast increase in Federal programs has resulted in a lack of public confidence in Federal land acquisition practices. Political subdivisions, as owners, are also affected. Local government should be compensated in full for land and facilities condemned by the Federal Government.

TITLE X

NACO endorses and urges the enactment of the recently added title X of the bill relating to accounting, auditing, and reporting of Federal assistance funds. With the terrific increase in Federal grants-in-aid programs, has come a complex of Federal auditing and accounting procedures for local government to adhere to, based upon the various enabling legislation, appropriation acts, departmental regulations, and so forth. A serious question, we feel, exists as to whether the existing financial reporting, accounting, and auditing procedures are reasonable in their demands upon local government. We feel they are not. This is one important area where overall remedial legislation could serve to coordinate the many complex procedures and make it easier for everyone concerned. We are aware that each Federal agency is charged by Congress and by the Comptroller General to insure proper use of Federal funds. We do, however, see the immense usefulness of a system which would foster greater interdepartmental coordination among the various financial management officials administering grant programs. This legislation would permit the Comptroller General to study and review the accounting and auditing systems of the States and upon his approval of their system, would allow the results of State audits to be accepted by a Federal agency in lieu of their own fiscal audits. This discretion of the Comptroller General could also be extended to local governments receiving sizable Federal grants. Adequate safeguards are provided.

We feel this is an area of our grant-in-aid system which has been ignored to date in any efforts to coordinate and make more effective our grant-in-aid programs. It is an area which would save Federal, State, and local administrators a great deal of duplicated and expensive effort.

And so you can see from this testimony that NACO once again wants to express its wholehearted support for this Intergovernmental Cooperation Act of 1968. We are with it all the way.

Senator MUSKIE. Thank you very much.

Mrs. SPELLMAN. I want to say it has been a pleasure to have the opportunity to come before you.

Senator MUSKIE. The appendix of your statement will be included in the record.

(The material referred to follows:)

AMERICAN COUNTY PLATFORM TITLES IV, V, VI OF THE INTERGOVERNMENTAL COOPERATIVE ACT

2-4. *Federal impact on local government structure and planning.*—The federal aids for urban development administered by numerous federal departments and agencies are of vital importance to the Nation's counties. Such programs, however, to be most effective, must be coordinated with each other and with local planning and decision-making, and administered through effective and responsible local governments.

Currently, almost all such urban development aids to local government are available to special districts and, in many cases, private associations, as well as counties. Overly restrictive population and dollar ceilings on certain grants and loans often discourage more economical joint projects among counties and between a county and municipalities within its borders. Finally, few federal aid programs have the stated objective of implementing locally adopted plans for development.

To remedy these conditions which have an adverse effect on local government, the National Association of Counties recommends: (1) that the Congress remove from federal aid programs for urban development all limitations which require or promote special districts to the disadvantage of the counties and other general units of local government; (2) that effective functional and comprehensive planning be encouraged at the local level to the extent appropriate in all federal urban development aid programs; (3) that both federal and state programs encourage joint participation in cooperative projects by local governments through removal of population and dollar limitations and through the use of financial incentives; (4) that the states more fully assume their responsibility for assisting urban development in the counties by establishing state programs to supplement federal matching grants to local governments for urban development, including adequate organizational machinery for appropriate state channeling or review of such jointly supported programs and for rendering technical assistance to the local governments concerned; and (5) that Congress and the Executive Branch establish the principle and implement the practice of federal inter-agency coordination in the full range of programs affecting urban development.

2-10. Incentives in State and Federal grant programs to encourage joint efforts to resolve common problems.—Numerous services performed by local government are best provided when undertaken on a territorial basis broader than the individual unit of local government. Experience in such fields as open space land acquisition, public health, urban planning, and airports has shown that grant programs can be designed to achieve more effective local services through joint undertakings by more than one unit of local government. The National Association of Counties believes that state and federal grant programs, where appropriate, should contain provisions to encourage joint undertakings among local units of government.

2-11. State and Federal legislation needed.—We recommend that in order to strengthen county and regional planning that applications from local governments within a metropolitan area for federal grants-in-aid for airport construction, waste treatment works, urban renewal, public housing, hospital construction, and urban highways be reviewed and commented on by a legally constituted planning agency with responsibility for comprehensive planning for the metropolitan area or region and that such planning agencies be composed of or responsible to the elected local government officials of the metropolitan area.

7-6. State and Federal legislation needed.—We endorse adequate state and federal legislation which permits and encourages county and regional planning. When state legislation is inadequate we recommend that state associations take such steps as are necessary to obtain adequate statutory authority. We recommend that federal and state highway programs include appropriate provisions for insuring that highways are located with due regard for good local land planning principles, and that federal and state highway agencies include land planners in their design sections.

We further recommend the enforcement of provisions which would assure the local jurisdictions that problems of drainage, access, etc., which are created as the result of a highway program, would be taken care of by the state or federal agency that was responsible for the construction of the road.

7-10. Comprehensive planning and consolidation of Federal assistance programs.—The National Association of Counties endorses the establishment of a federal grant program for comprehensive planning, including physical, economic, and human resources planning, on the local level, and urges that all local functional planning be done in conjunction with the comprehensive planning of a general purpose unit of government responsible to elected officials. NACO urges the federal government through the Bureau of the Budget or some other agency in the Office of the President to review carefully all planning requirements of federal programs for consistency. NACO supports the consolidation of special purpose aid programs into broader functional grant programs which can be more effectively related to state and local planning processes.

In order that these comprehensive and functional plans can be carried out, it is necessary that federal assistance funds for complex projects (such as

regional sewerage programs) be committed for the length of the project, perhaps several years. NACO urges the establishment of mechanisms within the federal government to assure funds for the completion of long term projects.

9-18. *Equalization in Federal grants.*—Federal grants provide essential financial support to state and local governmental programs by helping to bridge the gap between revenue needs and fiscal resources in support of vital national policy objectives. Their distribution should reflect, therefore, relative inequalities among recipient governments in program needs and in the fiscal capacities to meet these needs.

A. In view of the uneven pace of economic development in different parts of the country, the National Association of Counties recommends that the President require the several departments and agencies administering federal grant programs to review periodically: (1) the adequacy of the need indexes employed in the respective grant programs; and (2) the appropriateness of their equalization provisions.

B. In recognition of the wide interlocal disparities between needs and resources, we urge the appropriate agencies of the national government to examine those grant programs which distribute funds directly to local governments or support local projects in order to: (1) assess the extent to which variations in local fiscal capacities should be recognized in their distribution; and (2) appraise the feasibility of administering effective and equitable equalization provisions in such grants.

C. In view of the wide interlocal variations, we urge the states to recognize, to the extent practicable, disparities in fiscal needs and resources among local governments in the redistribution of federal grant funds.

D. To facilitate these objectives, we recommend further that the Executive Office of the President expedite the development of plans and procedures for assembling the data required for improving measures of state (including local) relative fiscal capacity and tax effort for government-wide use.

AMERICAN COUNTY PLATFORM

TITLE VIII

INTERGOVERNMENTAL COOPERATION ACT

2-6. *Government relocation policy.*—Relocation is a serious and growing problem in the United States. Thousands of people and businesses are forced to move because of government projects, and all indications are that this pace of displacement will accelerate. It has been estimated that from 1964 to 1972 the federally aided urban renewal and highway programs alone will dislocate 825,000 families and individuals and 136,000 businesses. Yet in the fact of this large and expanding impact of displacement by government, federal, state and local relocation policies are inconsistent and inequitable. Neighbors displaced by different programs of even the same government are not treated equally. Moreover, those having the most difficulty in adjusting satisfactorily to a forced move are those most often displaced—low income families, the elderly, minority groups, and owners and operators of small neighborhood stores.

The National Association of Counties supports enactment of the proposed legislation which would establish a uniform and consistent federal policy for protection of all persons and businesses displaced by direct federal and federally assisted programs: (1) by compensating for the full costs of such displacements; (2) by requiring provision of a program of advisory assistance and service; (3) by assuring availability of adequate housing as a condition of federal grants-in-aid, similar to the requirement in the federal urban renewal program; and (4) by advancing 100% of funds for the prompt acquisition of highway rights-of-way for federal aid highways and by authorizing state governments to reimburse their state share over the period of the actual construction schedule.

The National Association of Counties urges each state to enact comparable legislation providing a uniform relocation policy for protection of all persons and businesses displaced by state and local programs. Such uniform state policy should also provide for state sharing in local governments' costs of relocation payments in all state-aided projects.

In the interest of economy and the convenience of those displaced, the National Association of Counties further urges federal, state and local governments to cooperate in centralizing responsibilities for relocation, housing, administering

payments and counseling services, to the extent practicable, in a single agency in each major urban jurisdiction.

Senator MUSKIE. I would like to make one point which I think is valid. You referred to the difficulty which you think is being imposed in Prince Georges County by FHA 221(d)(3) housing and other projects that bypass local government. This bill, I am afraid, would not help in that kind of a situation. The FHA program is a loan and not a grant program. And also we address ourselves in this bill to aids to governments and not aids to private sponsors. Whether or not we ought to consider broadening it is a perfectly appropriate question. I do not know what my reaction to that would be, but I thought it would be well to indicate clearly that I think that the bill as written would not touch that problem. I certainly appreciate the great disruption.

Mrs. SPELLMAN. But you would not be making that kind of a mistake in your bill. That was a mistake that was made in the past; you are avoiding that.

Senator MUSKIE. Has that point ever been made? I suppose I ought to know because I am a member of the Subcommittee on Housing, but I cannot recall that that point has ever been made in that subcommittee in connection with hearings on housing legislation.

Mrs. SPELLMAN. I do not believe it has been made. I have just recently come across this and have asked our Congressmen and our Senators to see what can be done to make further changes, because, as you can see, when you are doing a good job of planning, and when you are fully aware because you have gotten a professional staff to do a superb study, and you are now fully aware of what is needed you see a complete misapplication being made. It is pretty disastrous to stand by and watch it.

Senator MUSKIE. It makes a lot of sense, it really does. Well, we will give consideration to this as a possible amendment to this bill. This bill may be carrying about all we can carry. I do not know.

Mrs. SPELLMAN. We might try that on another level.

Senator MUSKIE. Housing?

Mrs. SPELLMAN. Right.

Senator MUSKIE. I was interested in your endorsement on page 5, consolidation of grant-in-aid programs. I wish Senator Mundt were here because he raised an objection to that provision the other day, but I think it was deserving of consideration. I would like to get your reaction. His objection to this provision is that it may be shifting legislative initiative to the executive and even delegating legislative authority to the executive branch, that we ought not to delegate. In a sense, I suppose, the discussions have all this legislation within the Reorganization Act. That really is, I suppose, in the narrowest sense at least, a transfer of the reorganization housekeeping, whereas this could have a lot to do with substantive legislative provisions. I have no difficulty with it, but I can see that there could be. Do you have any response to that at all?

Mrs. SPELLMAN. Yes. I would not have any concern that this was shifting the responsibilities. I think that unless there is full understanding on the administrative level, and unless this work has been done there that we are still going to continue to have confusion. I think it needs to be done there. I think it needs to be done in the local areas, too.

Senator MUSKIE. It may be that we could work out some formula which would make it possible to amend these consolidation plans as presently set up in Congress. That is not possible in the reorganization plan. You cannot amend them. You take them as they are or you reject them. I have not thought it through, but it is possible that we might be able to incorporate a provision for an amendment. If you wanted to address yourself to that question, you might be able to develop some interesting suggestions for us. There have been a number of suggestions made and observations made at the hearings up to this point. I think before I get to them I would like to ask Senator Baker if he has any special questions he would like to put to you.

Senator BAKER. Mr. Chairman, I have no special questions of Mrs. Spellman at this point, except once again to draw attention to page 5 of your prepared testimony where you point out that NACO has consistently supported the consolidated grant and the bloc grant approach. I would like to hear your view on a very general proposition, if I may, and that is whether or not in your view or NACO's view, the concepts of rather specific or specialized categorical grants-in-aid or special purpose or any purpose might not exist effectively with a full-blown system of bloc grants or for more generalized purposes, and even Federal revenue sharing for general governmental purposes, if all three might not work and prosper together?

Mrs. SPELLMAN. I think all three would be an excellent idea because each one has its advantages. There is a great deal to be said for the bloc in a program, as it existed in the past. There is a great deal that has been good, along with a great deal that has been unfortunate, really. It has forced communities to pick themselves up by their bootstraps in order to conform.

Unfortunately, as I have said here, it also forced them to take a less meaningful approach to meeting their own problems, because they were so busy gearing to getting the money that they were having to sidestep some of their own real needs.

Senator BAKER. I think the rationale of those of us who support Federal revenue sharing, is that it is not a panacea for or a solution for all problems. It is frequently misunderstood that categorical programs, bloc grants, and Federal revenue sharing solve separate problems and may exist together. And, it would be my hope, and I am sure it is your hope and the chairman's hope that whatever measures are finally adopted would produce a more economical cost of government, yet retain Federal initiative and pinpoint the accelerated progress in specific areas where obviously the national goals should exist. That generally, according to you, is your overall view?

Mrs. SPELLMAN. Very definitely. I think that the tax-sharing program would be an indication of a recognition that the local communities have grown up and that they really are able to make decisions and spend their money wisely. I would, of course, like to be very sure that the Federal Government puts such provisions on this tax-sharing program so that local governments will not be tempted to just decrease taxes and become very popular there, that they will really spend this money that is given to them through this program for upgrading their communities.

Senator BAKER. I thoroughly agree. This is not the time or place to have a full discourse on the various points of that. In my own proposal for Federal revenue sharing a year ago, we included what we

call the incentive factor; that is, the amount of participation in Federal funds available for Federal revenue sharing related to the effective efforts of the local governments take care of their own needs by local taxation.

Senator MUSKIE. I would like to ask two or three questions. There could be more, but we do have other witnesses. They are about the relocation provisions of this bill. Could you give us some special insights on your experiences and problems in Prince Georges County? Section 807(b) provides for full Federal reimbursement to State and local governments for relocations up to \$25,000 for each person displaced, the cost sharing according to the formula governing the particular program for costs above that. With respect to the first \$25,000, the Bureau of the Budget proposed cost sharing for the full amount. What would be the impact of the Bureau of the Budget's position or its recommendation in attempting future Federal assistance programs in your area?

Mrs. SPELLMAN. Well, I would say, speaking for counties generally, that it would be catastrophic, really. And this \$25,000 is probably very cheap if we look at it in terms of the fact that it provides the real incentive for getting things started. Once a program is underway it is going to continue, but that \$25,000 will get it underway. I would say that that would be a false economy.

Senator MUSKIE. The Bureau of the Budget goes in the other direction with another recommendation.

Mrs. SPELLMAN. If they are giving, the answer is "Yes," we will take it.

Senator MUSKIE. It is suggested that the owner of real property taken under a federally assisted program who purchases another home within a year be paid up to \$5,000. This \$5,000 would be added to the acquisition payment and would equal the average price for the standard dwelling adequate to accommodate the displaced owner. In other words, it is the theory that the fair market price would not be met in many instances when you step into new housing of comparable standard.

In addition, we ought to have something more.

Mrs. SPELLMAN. I think that they are absolutely right. As a matter of fact, our county itself has done something very similar to this. We needed some land for a hospital, we needed to expand, and the land we were taking was going to wipe out some very, very substandard homes. These places were built out of packing crates. They were unbelievable, yet interestingly enough, not one of those families in that area had ever been on welfare. So, here are people who really were trying to make their own way, and if we paid them for their homes, the actual price, the actual appraised value, they could not have gotten anywhere, and they just would have landed on public assistance rolls. They would have had no choice. And so what we did was pay them for a relocation price for their homes, and each one of the families is established and they are able to function as families.

So, this makes read good sense. It ought to be done.

Senator MUSKIE. Would you say the \$5,000 limitation is realistic?

Mrs. SPELLMAN. That is a little hard to say. In the market today in our county that would be a pittance really, but it would be a start. It would be a start. It would be far better if we could just leave it broad enough to say relocation value rather than a given sum.

Senator BAKER. Mr. Chairman, if you would yield for just a minute.

Mrs. SPELLMAN, I wonder really if in this matter of relocation costs generally we are not addressing ourselves to an element of existing law within the law of eminent domain. Theoretically, it seems to me, there ought to be consideration of incidental damages instead of actual damages to the value of property. It seems to me that is the concept of law, the common law and statutory concept, and our function here may be to clarify and elaborate on the intention, that somebody could be made whole if they were unwilling to buy their property.

Senator MUSKIE. I agree. I do not think that the people whose property is taken ought to be made to bear the lion's share of the burden of the public improvement. If the public improvement cannot stand the cost of making them whole, then it is not justifiable. The difficulty is to find formulas for implementing this concept. There is also the difficulty that you cannot change the built-in concept of fair market value without a positive assertion of new law. You have to be careful when you make that positive assertion of law that you do not open a great big door that leads to worsening things. I think this perhaps has a lot of merit.

Here is another point that is concerned with the same problem. The present law provides for relocation payment assistance beginning only when agreement has been reached between either the Federal Government and the locality which will proceed with the project. As far as I know no assistance is available during the planning stages of the proceedings. Yet this is the period when displacements begin under the threat of compulsory removal when the project is actually undertaken. During this period tenants move out long before an agreement or even any definite commitment to a project has been reached. Property values decline, tenants move out. Should there be something in the public policy to deal with this period when many people panic?

Mrs. SPELLMAN. I think that is a very, very valid point, really, because that is where the impact is felt. At that point, that is where the money is needed. It would also help speed up the process, too, so that we know that once this matter has gotten to that stage that there will be approval, and so we just ought to start working on this a little sooner and the funds very definitely are needed at that point.

Senator MUSKIE. I guess it is one of the costs of our democratic system that we have sometimes a prolonged period of discussions involving public referendums and city council meetings and discussion groups. When we prolong this period, it certainly creates very real hardships for a lot of people.

Mrs. SPELLMAN. I might point out that Baltimore City is having just this kind of problem. There is an area which is in transition, and which could almost hit the point of bankruptcy because of the delay there in providing the funds that are necessary to keep going.

Senator MUSKIE. One other question and then we had better get to our next witness.

The Committee on State and Urban Relations of the National Governors' Conference and various other State and local organizations have recommended the establishment of State and local central relocation agencies with which the various agencies would contract to handle State relocation problems. Is this a workable idea? Have you had

any experience, you personally or NACO, in developing or working with such a relocation agency?

Mrs. SPELLMAN. We personally have not yet had such experience, although I daresay that our community development department could very well serve that kind of function.

But, it does make very good sense to be able to coordinate all of this into one agency so that everybody knows what is being done and you do have one central outfit guiding this whole thing. Probably C. D. here has some knowledge of how it worked in other areas.

Mr. WARD. We have considered this same proposal and we feel that we are one agency where the county has developed some kind of expertise and some other ones then start coming in and having a relocation program, and that it could make sense to combine them under one jurisdiction and use their background and their technical skills.

Senator MUSKIE. Possibly in a State as small as mine, a State relocation agency would serve the purpose of the entire area, and in a city like Baltimore, a metropolitanwide relocation agency.

Thank you very much.

Mrs. SPELLMAN. I thank you very much for giving me the opportunity to come. I enjoyed it.

Senator MUSKIE. Our next witness is Mayor Beverly Briley of the Metropolitan Nashville-Davidson County, Tenn.

Mayor Briley, it is a pleasure to welcome you again. Our last meeting was before another subcommittee of this same full committee.

TESTIMONY OF MAYOR BEVERLY BRILEY, METROPOLITAN NASHVILLE-DAVIDSON COUNTY, TENN.

Senator BAKER. Mr. Chairman, may I take this opportunity to say that I look forward to the mayor's testimony. It is my feeling that Nashville-Davidson County have been pioneers in the area of redesigning and reconstructing more active and effective local self-government.

Mayor BRILEY. I have appeared before Senator Muskie on many occasions previously representing the National Association of Counties, of which I was formerly president, and I am now on their board. I come today as the mayor of Metropolitan Nashville-Davidson County, and vice president of the National League of Cities, and a member of the advisory board of the U.S. Conference of Mayors. I am representing these two organizations today in support of S. 698, S. 458, S. 735, and S. 2981, which would make an important contribution to the improvement of intergovernmental relations among the Federal, State and local governments.

Senator MUSKIE. I would certainly like to commend you for your continuous efforts on S. 698 through Congress, and I hope that it will enable the Senate to respond to this bill as it has in the past.

The federal system that was conceived by our forefathers is still a great one. But today the intergovernmental relationships envisioned by the founders are being strained by the sheer complexity of today's modern urban age. In this century, the Federal Government sensed that it had a role to play in meeting the national social and economic problems brought on by rapid urbanization and technological advances and undertook programs of substantial direct and in-

direct assistance to States and local governments to meet their problems.

I speak as a mayor who has had a good working experience with the Federal grant-in-aid programs. On the basis of this experience, I hope the committee will accept our comments as constructive criticism and positive suggestions. I personally feel this bill will meaningfully contribute to lessening some of the frustration mayors of cities such as my own endure in dealing with these grant programs. Let me make it clear that we cannot deny the substantial relief the grant programs have brought to cities. But unfortunately, there are now just far too many individual programs each with their own set of objectives and operating rules. On top of this, we find a general lack of uniformity and of priority. But most of all, we find a general lack of understanding of individual city needs by the administrators of these programs and of the programs themselves, we find that they are not being designed and administered so as to be responsive to local needs and I might say especially to local priorities.

We have testified on many of the provisions of S. 698 in the 1967 creative federalism hearings and on earlier legislation considered by this subcommittee. I will therefore not belabor you with detailed comments on each section of the bill. Instead, we will be glad to discuss them in the question period and may I request that we be permitted to submit such additional supplemental statements as may be necessary on any of the bills' provisions and also note that our staff stands ready to provide additional assistance and consultation as you and the committee staff may require.

Let me therefore concentrate on S. 698's three "new" titles which in many respects are the most significant elements of the legislation, the Joint Funding Simplification Act, and the amendment to S. 698 introduced last week by you, Senator Muskie.

Title VI Grant Consolidation. By anybody's count, there are over 400 individual Federal grant programs to State and local governments in existence today. We might note before proceeding further that we are glad the committee is also considering the Joint Funding Simplification Act, a bill which I had the privilege of helping to formulate in extensive discussions with the Bureau of the Budget. We think this bill is a necessary companion measure to the grant consolidation provisions of S. 698. I will comment of S. 2981 later.

The present narrow and independent project approach of Federal grant programs, compounded by the sheer number of such grant programs, is disruptive of comprehensive planning designed to develop and program broad community attacks on urban needs. Cities, because they urgently need funds, are encouraged by the present system to abandon well developed priorities to enter competition for Federal funds where they are available. Local planning is often hampered because cities must concentrate on applying for individual Federal programs. If cities are to acquire the capability to plan and act on total programs, they must not be thwarted by large numbers of individual programs which must be fitted together (often unsuccessfully) like pieces of a jigsaw puzzle. We strongly urge that the emphasis of Federal assistance management must be on combination and consolidation of the myriad of grant programs. The emphasis must be on establishing packages of broad programs which complement each

other and local comprehensive planning rather than as now occurs, splintering a well intentioned comprehensive attack by a city government on its problems.

What specifically would grant consolidation mean to cities? First, since few city problems are isolated from other related problems it would enable a city to deal broadly with the entire malady rather than have to attack individual symptoms piecemeal. Second, cities would have to perhaps as few as one-fifth or one-sixth as many programs as they now do.

Third, city officials would have to deal with far fewer agencies and become entangled in far less redtape and delay.

Fourth, increasingly, Federal programs require applicants to develop a comprehensive plan for a grant project. Therefore, the objective of the Federal grant-in-aid programs should be to encourage the utilization of federally aided programs which match the comprehensiveness of the local plan and which are responsive to local needs and priorities, not to fragmentize and disrupt these priorities.

JOINT FUNDING SIMPLIFICATION ACT

As I mentioned earlier, one of the difficulties of the present system occurs when a city puts together a broad program but then is unable to obtain funding for individual elements of the program from the Federal Government. Likewise, at considerable expense of time and personnel, administrators must now prepare individual applications for each program rather than a single packaged application. The potential benefits of such packaging and the use of single broad applications are numerous and rather fascinating in some respects.

Under a code enforcement program, the distinct needs of individual cities will differ as to what makes up this program. But once a code enforcement program is begun, it must be carried through to its logical end. We tried to list the elements of a typical code enforcement program for which Federal assistance is available in separate grants-in-aid and I wish you would note the number.

Technical assistance programs for problem definition.

Code enforcement assistance.

New community facilities.

Need for standardized, uniform relocation policy and assistance.

Welfare, social service, and educational assistance in varying degrees.

Manpower development and retraining.

Rat control.

Mass transit assistance.

The assemblage of a package code enforcement program with even some of these elements, timed to allow implementation in their proper sequence as the code enforcement program progresses, would, under present available grants-in-aid, permit a city to put together a program tantamount to model cities. But, under actual present administrative and funding conditions, this is impossible.

The whole area environmental pollution control is another area which could substantially benefit from the provisions of this act.

Fortunately, there is a recent precedent upon which to more precisely foretell the potential benefits from enactment of this bill. Four agencies, HUD, OEO, HEW, and the Labor Department, have jointly

launched a poverty-area, neighborhood centers pilot program, acting under respective current legislation for each of the agencies and the authority of an Executive order of the President. Drawing upon available funds, the demonstration project now underway in 14 cities, enables the cities to develop multipurpose neighborhood centers to serve people in low-income neighborhoods responsively.

The stated objectives of the program are to :

Develop better methods of linking existing and new programs into a comprehensive and integrated neighborhood system for delivery of health, social manpower, educational, recreational, legal, and other community services to families and individuals;

Initiate a cooperative intergovernmental effort to pool the resources and knowledge of city, State, and Federal agencies in assisting neighborhoods; and

Develop procedures for combining the efforts of four Federal operating agencies in assisting neighborhoods.

Each of the 14 cities has already received funds or planning authority from the four agencies to proceed with establishment of their centers.

There are, however, problems in S. 2981 which must be noted. First, general units of local government are faced with the constant growth of special districts. Special districts are frequently neither representative of nor responsive to local constituencies or elected officials. Moreover, without authority or coordination being exercised over these districts, they often act independently of and even to the detriment of, public policies of general units of local government. Nothing in this legislation should encourage this situation. Thus, we would oppose any interpretation of S. 2981 which would permit special districts to package programs to the disadvantage of a general unit of local government. This flow of S. 2981, I might note, is contrary to a provision of S. 698 which encourages favoring of general units of local government. At the very least, special districts should be permitted to be a party to an application only with the consent of appropriate units of general government.

Secondly, the most important factor in the successful achievement of the bill's objectives is availability of funds for packaged programs. Under present arrangements, cities are often frustrated by a lack of funds for some of the individual programs. If approval of a city's package application under the terms of S. 2981 were delayed or rejected because funds from any one component of the joint program were not available, it would also be discouraged from utilizing this mechanism, therefore negating the value of the bill. This problem might be practically overcome through proper establishment of a separate joint management fund referred to in the act or, even better, a type of urban development fund separate although from any single combination of programs from which funds could be drawn, by the city, upon certification of its application by appropriate agencies. NLC has developed a proposal for such a fund which we will discuss.

Executive responsibility and coordination: In the case of both the grant consolidation provisions of S. 698 and in the Joint Funding Simplification Act, we strongly endorse the responsibility and authority given to the President. The coordination and administration of grant programs is wholly a responsibility of the Executive. Congress

concern is that these programs are administered efficiently and that the congressional intent is fulfilled. The Executive should be expected to consolidate and simplify wherever possible to assure greatest effectiveness of the programs. Granting the Executive this power in the manner enumerated by these bills does not remove legislation prerogatives.

Dwelling a moment on the subject of coordination, we feel this most necessary of executive responsibilities is given too little direct attention. It is implied strongly and spoken to in title IV of S. 698, and I would certainly agree that consolidation and simplification connote greater coordination. Nevertheless, this remains one of the greatest needs in the administration of the grants-in-aid.

One of the prime objectives of the model cities program is to help bring about local coordination of Federal resources available and to provide a definite mechanism for this coordination. Yet, from the 75 cities already involved in model cities planning, including my own, we are finding definite evidence that the achievement of this goal may be in serious doubt. If we are experiencing this sort of difficulty in a program specifically intended to achieve greater coordination of Federal resources, I need not dwell on the grim problems faced in coordination of the over 400 separate grant programs. We must learn from the experiences being gained in model cities and apply them elsewhere. Of course, the main lesson to be learned is that we must have an effective, responsive, flexible system such as S. 698 and the other bills will help obtain.

We therefore feel the President must clearly be given the responsibility as well as all the tools necessary to vigorously pursue achievement of greater interagency coordination in the case of all grant programs.

Urban development fund: Ultimately, however, grant consolidation and greater coordination cannot alone achieve a workable solution to the massive physical, social, and economic problems confronting cities. The need for adequate available resources to attack such problems becomes more critical each day. We, therefore, urge that Congress establish an urban development fund to represent its massive commitment to fulfilling the national responsibility in urban and social renewal than is now available through the present categorical grant-in-aid system.

Under the urban development fund concept, a city, upon completion of a comprehensive plan utilizing a number of categorical aids assembled in a fashion similar to a model cities plan, would be authorized to secure certification of technical compliance with the requirements of the several Federal programs included in the plan, including the approval of State agencies where required. The city would then waive its rights to the specific categorical aid funds and enter into an agreement with the Federal urban development fund for the release of equivalent moneys to implement its plan over the period of years specified in its budget.

Funding would be provided by an appropriation to the fund yearly to maintain a reasonable level of payments. The Federal outlay would be expected to be consistent with the amount paid out under the categorical aids so that eventually the appropriations to categorical aids might be reduced. The important factor here is that the fund must be

large enough to encourage units to make comprehensive plans and programs based on assurance of availability of the Federal Government's financing commitment.

The fund would involve programs crossing present departmental lines. The application would be multipurpose and comprehensive in nature and would be very similar to a city's budget request document. Communities would have the option to use but would never be required, to make use of the funds so provided in lieu of existing categorical programs.

This is not really a block grant or revenue sharing. It would leave undisturbed the processing system for technical compliance. It could include a much greater role for State government. It would assure the maximum benefits from fiscal planning, construction, timing, program scale, and program management. It would, moreover, and perhaps most importantly, give maximum consideration to the diversity of local needs and local innovation, priorities, control, and flexibility.

Now, I would like to speak of title VIII, uniform relocation assistance.

In any discussion of relocation of displaced persons, we must start from the premise that it costs no more or no less to move a family or a business because the family or business was displaced by an urban renewal project rather than an interstate highway or local code enforcement program or any other kind of project. Yet the amount of financial and nonfinancial assistance available from the Federal Government to assist families or businesses to relocate in the face of a federally supported project varies astonishingly from program to program.

The Advisory Commission on Intergovernmental Relations in its 1965 report, "Relocation: Unequal Treatment of People and Businesses Displaced by Governments," stated:

Thousands of people and businesses are forced to move every year because of governmental acquisition of property or enforcement of housing and building codes. All indications are that this place of displacement will accelerate with increased urbanization and the consequent mounting demands for urban services and growth of federal, state, and local programs for the renewal of cities. It has been estimated, for example, that from 1964 to 1972 the federally aided urban renewal and highway programs alone will have caused dislocation of a total of 825,000 families and individuals and 136,000 business and nonprofit organizations.

As the magnitude of displacement has increased in recent years, there has been growing concern over the impact on those forced to move—concern over whether these "displacees" are having to bear a disproportionate share of the cost of the benefit created by the public works program necessitating their move. The concern is voiced particularly regarding the poor and the elderly, and marginal and submarginal small businesses; these individuals and businesses seem most often to be in the way of property-taking programs and are least capable of coping with the adjustments of a forced move.

In 1968, Nashville expects to relocate 900 families and 200 businesses, many of them small marginal operations. In the next 10 years, we foresee displacing as many as 3,505 families. Most of this displacement will occur from federally aided projects such as Interstate 40 and urban renewal. To our city as well as all the others facing similar tasks, it is imperative that relocation policy and assistance be made uniform at all levels of government. We feel that title VIII of S. 698 is an important building block in the achievement of this goal.

It must be remembered that we are dealing with individual human needs. It seems so simple looking at a plan to say that if a house or a small store is in the way, move it or destroy it. But what is so often overlooked or at least given insufficient attention is the fact that when a person or a businessman is displaced and relocated elsewhere, there is a tremendous social cost paid often unmeasurable in dollars and cents, not just by the individual but also his neighbors and his community.

Relocation policies must focus on and consolidate response to individual needs and to the social needs of the total community. Relocation policies affecting businesses must be flexible enough to respond to the complexities of the economic area. Sometimes in relocation, the operation is a success but the patient dies. In sum, our relocation policies must be such as to enable us to say to the displaced citizen that you, too, will gain and benefit from the public improvement which forces your location and I am obviously referring here to a gain or benefit not simply limited to what a highway or public building will provide, for this indeed to him might be slight.

There are a few other points I want to make.

First, we feel it highly important that all relocation, for no matter what project, be carried out by one city agency which has at its command the tools and resources to do a thorough job. Where cities have established effective agencies to undertake relocation, the Federal Government should contract with that agency for this purpose.

Second, we want to emphasize the need in the development and unification of policy, for postrelocation followup. The first 6 months are critical to a person or business newly relocated. Families and businesses are confronted by a whole new set of problems in their new location. Relocation responsibility therefore does not stop once a family is in a new home. They must also be given every assistance in adjusting to their new environment.

In conclusion, it is particularly fitting that this bill now attempts to bring uniformity but more importantly a higher degree of equality to the troubled relocation issue. We can no more eloquently state the importance of this provision than to quote the Senate Committee on Government Operations reporting on S. 1681, the Uniform Relocation Act of 1966. The Committee said:

This policy is necessary to eliminate the great inconsistencies that exist among federal and federally assisted programs with respect to the amount and scope of such payments, and the advisory assistance and assurance of housing offered. It recognizes that relocation is a serious and growing problem in the United States and that the pace of displacement will accelerate in the years immediately ahead. It recognizes that advisory assistance is of growing importance in the relocation process especially for the poor, the nonwhites, the elderly, and small business people. It recognizes the need for more equitable land acquisition practices in connection with the procurement of real property by eminent domain. In short, this legislation recognizes that the Federal Government has a primary responsibility to provide uniform treatment of those forced to relocate by federal and federally aided public improvement programs and to ease the impact of such forced moves.

Title IX. The confusion, delay, uncertainty and misunderstanding which exists today in the field of acquisition of real property by governmental entities for public use is notorious. On the basis alone that there is no justification for differences between the taking of one man's property as opposed to another, we fully endorse the pro-

visions of title IX. This title contributes measurably toward eliminating the disparities in Federal land acquisition policies. We particularly feel that it is important that the propertyowner be fully advised of the method by which value of the property is ascertained by the Government. We trust that in section 901(a)(3), the term fair and reasonable consideration means "fair market value." Many cities now use fair market value as the starting point for their negotiations in property acquisition. It is the fairest as well as most practical value to be obtained.

Turning to title X on the subject of auditing, we most heartily welcome and endorse the objectives of this amendment. Yearly, cities receiving substantial amounts of Federal assistance must submit to time-consuming detailed audits, often by two or three or more Federal agencies, for the purpose of accounting for Federal funds. Oftentimes these "audits" exceed the scope of checking accounting procedures and lap over substantially into the questioning of local policies. Under the provisions of title X, all this extra effort could be eliminated. Moreover, once standards are established by the Comptroller General, cities would know with certainty what the rules of the games are and could insure that their own accounting procedures meet these standards. Again the greatest benefit to be gained by the cities as well as the Federal Government is uniformity of practice and simplification of procedures.

In summary, we feel that assistance for today's urban needs cannot be met by simply the Federal dollar without there being a major effort through effective administrative procedures to make the programs flexible, simple to use, efficient to operate and utilize—and most of all—responsive to the problems they are designed to meet and responsive to the priorities of those who are directly responsible for solving these problems, the officials of our cities. This bill may catalyze then the emergence of a new urban federalism.

Senator MUSKIE. Thank you very much, Mayor Briley, for your excellent statement. I have one or two questions that I would like to ask. I understand that Nashville has had a serious problem of relocation for Interstate Highway 40.

Mayor BRILEY. Highway 40; yes, sir.

Senator MUSKIE. The city has gone far in trying to solve the problem, but I have a question based upon that problem. Do you feel that the relocation assistance section of S. 698 would have helped in dealing with that problem?

Mayor BRILEY. Yes. This perhaps also would require some State legislation, which I am sure would follow the provisions of this bill. We have this problem. There are about 600 families in the next leg, that's the leg that was under litigation. Four hundred of those families are on oral leases, not a written lease. Under our State law, if they are not under a written lease there is no relocation cost paid at all. Now, our city will do the best we can and it will cost us to do the best we can. But we cannot do the things, of course, we could do under uniform assistance policies for relocation at the State and Federal Government level, so I think it would substantially help and lead the State to improve its assistance.

Incidentally, that would also apply to some businesses. Some of the relocation problems of the businesses are not funded adequately, and I think this would lead to a better funding of that problem.

Senator MUSKIE. I was going to raise that question. Do you think that you are going to be able to put together a satisfactory relocation program in connection with that highway?

Mayor BRILEY. We are approaching it in two different ways, one dealing with business and one dealing with housing. Several years ago when the metropolitan government first came into existence in 1963 we developed a relocation agency and we contracted with the State government with reference to their highway program, and we contracted with the housing authority of our area that handles both urban renewal and public housing to do all of their relocation through this agency. It was a contract between the welfare commission of our local government and the housing authority in the State government. This worked very satisfactorily, but was not funded adequately, and the State withdrew from it about 2 years ago. We are now in the process, and our new budget is now under consideration, of setting up a bureau of relocation which will be headed by a director that will be under the direction of our welfare department. This agency will have an advisory committee of codes people, public works people, water-sewer people, highway people. We are also developing a contract and have meetings leading to this with the State highway department. We think that we have a much better plan on relocation of these people presently. We have done an experimental program in this manner, on the worst slum areas we had in our city, and we were very successful in about 4 months in getting these people housing. Incidentally, this was not a public improvements area, this was a codes enforcement area, and our experience has taught us better how to do this.

With reference to the business community, there are multiple problems. We have negotiated and we have arranged with our local banks to put up a fund of \$1 million to supplement and assist in loans to these marginal, principally Negro, businesses. The fund is being administered by a local bank, that is, primarily a Negro institution of many years' reputation. Some of these businesses have been operated for a number of years by people who have been successful, not in any great way, but successful to sustain life and a business. These people probably will be successful.

There are a number of these marginal businesses that have been there a year or two which are relying upon a localized neighborhood custom or local economy. When they relocate it is doubtful if they can redo what they have done there. Now, even where the business would have been satisfactory 5 years from now if it stayed there under another change would be a question. So, I think that we have done things that will help those that are competent and capable of maintaining a business.

Senator MUSKIE. Senator Baker.

Senator BAKER. Mayor, you touched on the nature of eminent domain statutes in Tennessee, which you agree are many and varied. Most condemning authorities have at least a choice of three or four different sets of statutes they might proceed under. Would you agree with me, however, that elaboration of the definition of incidental damages as distinguished from actual damages might have an effect on alleviating much of the actual loss of economic suffering that frequently occurs in relocation projects?

Mayor BRILEY. Yes. As you recall, we have had two, maybe three statutes introduced and adopted that the courts have held unconstitutional that dealt with this problem, and I think very much of it would.

Senator BAKER. And also the fact that under Tennessee statutes, and under some others, under some Federal provisions, there is a specific allowance for moving costs. Not under all Tennessee statutes, but one in particular that I think of was enacted to accommodate requirements of interstate highways, and frequently these are limited to specific amounts. In the case of urban renewal, it is my understanding the limit is \$200 on moving costs. I wonder if you feel that that arbitrary limitation or any arbitrary limitation can really do equity in certain circumstances?

Mayor BRILEY. There are many, many instances, and we are talking now principally, as I stated in my statement, about most of these relocations coming to an economically disadvantaged group, and in many cases it does not take an awful lot of money to actually pay their relocation expense. But, there are instances where it is very expensive because you have to move them completely away and you have an environmental problem that you have to follow up. Now, we are locally financing that ourselves by local government. If the relocation assistance costs was a larger amount we could solve a great many problems of this nature.

Senator BAKER. It was pointed out to me by the chairman that in a situation the actual damages involved can exceed the \$200, the allowance stated in the provision, as I understand it, the \$200 moving cost.

Senator MUSKIE. If you want to go through the redtape and take action.

Mayor BRILEY. It is different under urban renewal and under the highway program. There are two different standards put in there, and this is one of the hardest things in the world to explain. We have a number of urban renewal projects on the way and they are more liberal, much more liberal, and we do a lot of relocation with this. And then a friend over here who lives where the highway is going to be, he does not get any benefit out of it.

He cannot understand that. He thinks he has been treated differently.

Senator BAKER. Do you find this disparity and treatment, as a practical matter, is the cause of friction within the community and a source of difficulty?

Mayor BRILEY. It is; and I think one of our problems originated right here because the highway goes through an area that is not in the urban renewal area. It is now in the model cities program, and we are attempting to go into that area and heal over the wounds that have come out of it.

But, I think, it was a basic part of the problem.

Senator BAKER. Of course, in the I-40 situation, according to the newspaper accounts and the conversations and correspondence I had on the matter, and you had on the matter, the whole situation developed into a broad sociological concern as well as an economic one, and that would tie back into some of the provisions of this proposal. I am afraid in the I-40 situation the pending plan of development had the effect of deadening the whole area long before it was utilized for the improvement that was involved.

Mayor BRILEY. Well, there were two sides to this. As usual, the mayor gets caught in the middle of it. There were a group of people, a substantial number, about 45 percent of them were Negro businesses that had bought properties knowing they were going to relocate and were held up because the highway didn't go through.

Then there was the other group who were there and knew nothing about it, and were having to move what they called rather hastily, although this had been published as an existing or proposed road with the general alinement for at least 10 years, and I would say probably once a month, but no one said anything until the actual taking began to operate.

So, we had one group of people who were hung up in their relocation and had large sums of money committed, and they were just like the mayor, they were caught in the middle of the argument between the two groups.

Senator BAKER. I find, Mayor, that is not a situation left entirely to mayors. Mayor, you made reference, and I have asked you about, uniformity of procedures on condemnation of land and acquisitions.

There is one other aspect of that general situation that I would like to ask you about. Do you feel that we would be better served to approach this problem, the elaboration of the value of incidental damages in Tennessee, by appropriate amendments to the various statutes, or a consolidation of them, or the promulgation of a new statute, or by the implementation of that objective through usual Federal control?

Do you feel it could be done more effectively one way or another, or do you prefer that it be done both ways?

Mayor BRILEY. With my limited knowledge, I think you will find that the eminent domain and the statutes in many States differ considerably, and it could be possible that there could be some provision of a Federal statute that would require, where Federal funds were involved, a certain standard that should be applied by State statutes in acquisition.

You will find not only Tennessee, but there are other States that have this similar problem.

Senator BAKER. If I may, just for a moment, Mr. Chairman. Mayor, I would like to ask you a question substantially the same as I asked Mrs. Spellman.

Do you foresee that consolidation of present systems of categorical grants-in-aid by the Federal Government in any way would diminish the desirability or impact of the desirability of elaborating a plan of bloc grants on a less restrictive basis, or a system of Federal revenue sharing?

Mayor BRILEY. We take a view that there ought to be some degree of standards if Federal funds are being expended, that are being met in the comprehensive plan. You get into the difficulty with a block grant of turning it loose, and there are officials, unfortunately, that would not rely upon their own local resources to the extent that they ought to, to operate their own government. I think that we ought to have the responsible responsiveness to the problems of the community along with the assistance that we can get.

Let me give you just one illustration of what I mean. We have undertaken, as you know, in Nashville, a very comprehensive sewer program on a system which has been neglected for about 40 years, and in

less than 10 years we expect to sewer an area the equivalent of the city of San Francisco, costing about \$120 million.

We are a little better than half through now. Some features of the Federal grants apply to certain parts of this project. There are certain parts of the project that we do not get any Federal assistance from, and yet each one is dependent upon the other.

So, the local funds have to come in in any event. If you do not have the smaller collector system going into the larger areas that qualify, or in the treatment plant, or the enlargement of the treatment plant, to qualify, then you have no point in enlarging your treatment plant.

So, the whole thing is one comprehensive program. If we have a comprehensive program that is approved as to engineering specifications and we kept the engineers and architects from building monuments, then that program as such should be approved and we should be eligible for grants without trying to take some factors out of it and making part of it available and part of it not available.

Senator BAKER. Strictly speaking, this next question is not related directly to the bill or bills you have testified about before this committee hearing. On this question of local funds, do you have any viewpoint on the desirability or lack of desirability of changing the method of raising funds at the local level?

I would refer specifically at this point to the question of the tax-free status of interest income on local securities.

Mayor BRILEY. This is something that has bothered me a great deal. As you know, I have testified for many committees up here on this, and I have had some real running fights with the Treasury Department on this.

If we are going to maintain our system of the levels of government that we have traditionally held to, which I think has been a good system, I think we must preserve the integrity of tax exemptions to local bonds.

Senator BAKER. I gather you take it that this is one of the effective remaining municipal tools that local governments still have?

Mayor BRILEY. That is correct. I was at the Brookings Institute about 5 years ago and spent 3 or 4 days with the economists from many universities and with one particular individual in the Treasury Department who has been whole-hog on tax municipal securities. We had a major debate on it, and when the final conclusion arose that we would have to have in many, many areas a complete Federal grant because the people would not be able to finance their programs, a good many of the economists who had favored the idea that we have taxation reversed their position at the conclusion of those 4 or 5 days of debate.

There are published volumes at the Brookings Institute.

Senator BAKER. In this hearing on this point, I have written a letter to the chairman raising the question whether we should have hearings in this committee, hearings not just on pending legislation dealing with the treatment of the local securities, but on the general impact on the whole range of issues which affect local financing.

Do you feel that this subject is sufficient for us to bear such an examination?

Mayor BRILEY. I just do not believe we ought to ever open the door of the Federal Government taxing municipal securities.

Senator BAKER. Mayor, I would like to ask you one more question that you have referred to on page 5 of your statement, in the middle

of the page, where it says, "At the very least, special districts should be permitted to be a party to an application only with the consent of appropriate units of general government."

I take it that the special districts you refer to are such things as utility districts, school districts—

Mayor BRILEY. Sanitary districts. There are a multitude of them and they are single-purpose districts that do not take into consideration the capability of the total economy of the community. I can show you some districts that the Federal Government has given grants for water under the agricultural program. They will never survive.

But, the people were interested in one thing, they were not interested in the total program, so they planned it in a manner that dealt with a single purpose and did not deal with the total purpose of the whole area.

Senator BAKER. I think we both agree that in some areas, utility districts especially, in the absence of municipal governments, many have served a specialized purpose.

Mayor BRILEY. That is correct. We have several in our area that we have not acquired as yet, as you know.

Senator BAKER. Do I understand the thrust of your proposal, then, to be that the efforts of these more specialized units should be coordinated?

Mayor BRILEY. Right, and the local government there ought to be called into the planning of it and at least have the value of its criticism or its approval.

Senator BAKER. So that I should not read this into this statement, the proposal we have, the abolition of special purpose districts, but rather that their efforts be coordinated.

Mayor BRILEY. Right, with the unit of local government that is involved.

Senator MUSKIE. Thank you very much, Mayor Briley. I appreciate your getting that subject into the hearings, and I think it is especially interesting in exploring the problem of taxation of municipal bonds. We are all concerned in one way or another with the increasing numbers of pieces of legislation.

Thank you very much.

Mayor BRILEY. Thank you, Senator.

Senator MUSKIE. We are getting pressed for time and we have two more witnesses. First is Mr. Edward Potthoff, city manager of Saginaw, Mich., representing the International City Managers Association.

TESTIMONY OF EDWARD POTTHOFF, CITY MANAGER, SAGINAW, MICH., REPRESENTING THE INTERNATIONAL CITY MANAGERS ASSOCIATION

Mr. POTTHOFF. Senator Muskie, Senator Baker, I was not able to provide the committee with prepared, advance text. This was completed late last night. I have been tied up with an open-housing election.

Would you prefer me to present you with a couple of copies now?

Senator MUSKIE. Yes, if you have them now, that would be fine.

Mr. POTTHOFF. I can report that our open-housing election was successful by overwhelming vote.

Gentlemen, I am Edward Potthoff, city manager of Saginaw, Mich., serving in that position since 1961. Before that time, I served as city manager of Niagara Falls, N.Y. I have had over 18 years' experience working with local government or serving it directly. As a career local government executive, I truly appreciate the opportunity and invitation to testify this morning.

You are going to note a very definite similarity between the remarks I have to make and those fine remarks of Mayor Briley of Nashville-Davidson. I guess it merely points out that the problems and the attitude toward the grant-in-aid programs are quite similar in cities many hundred miles removed from one another.

Your committee over the past several years has heard statements about the problems of intergovernmental relations. There is no doubt that the problems of our urban society will not be solved without all levels of government working together. This is a truism to anyone who has given thought to these problems.

As a professional city manager, I can testify for the need to establish reasonable, and as much as possible, flexible policies to facilitate the relationships between and among levels of government in order that the work of strengthening our American democracy can continue. This is why I am particularly pleased to support the provisions of Senate bills 698 and 2981, because they do set such policy.

Ten years ago, perhaps even five, the professional city manager did not spend much of his time on intergovernmental relations. Today, in conjunction with Saginaw's mayor, council and city employees, the problems of intergovernmental relations directly and indirectly occupy considerable time.

Senator Muskie, your efforts, and those of other committee members are to be commended for your interest and efforts to facilitate the work of local government, State government, and the Federal Government by previously obtaining passage by the Senate of many of the provisions of S. 698. It is hoped that the provisions of S. 698 and S. 2981 can be contained in a bill that does become law.

As a professional city manager, I am concerned that programs developed at all levels of government are not only good policy, but that their implementation results in achieving their objectives. The city manager's expertise is in the area of not only problem analysis, but in the processes of getting things accomplished.

Saginaw has a number of Federal grants, including being a model city. We have these programs because we want to make our city a better place to live for all citizens, no matter what their problems, economic status, or race may be. These bills are aimed at improving implementation of much-needed Federal programs and hopefully reducing the time between application and completion.

Virtually, all Federal-city programs suffer from excessive time delay from inception to completion. I would consider the time factor to be the single greatest problem existing in our Federal-city relationship. Excessive delay frequently results in changes in membership of our city councils; it results in accusations of promises not kept; it results in extraordinary costs; it completely disrupts local fiscal planning; it makes the allocation and assignment of local staff to programs virtually impossible and generally results in frustration and waste.

I want to concentrate my remarks this morning on the two new provisions in S. 698—title VI, consolidation of grants-in-aid, title IX, uniform land acquisition; and to Senate bill 2981. In addition, I will stress the importance of title VIII, uniform relocation assistance. I will be glad to discuss other provisions of the bill during the question period.

This provision is a must as far as I am concerned. Senator Muskie, your statement introducing S. 698 makes this abundantly clear. The number of Federal grant programs to State and local government is in the hundreds. Each program was developed to meet specific needs of State and local government, but naturally such programs enacted at different times now cause duplications, confusion, and make planning by local government most difficult.

The problems at the local level become one of trying to couple together specific programs in an area. Often this "coupling" cannot effectively be done, or if it can, it takes an unusually long period of time to mesh all requirements of each specific program involved.

On February 6, 1967, Graham Watt, city manager of Dayton, Ohio, testified before your committee on creative federalism. At that time as part of his testimony, he submitted a survey of city managers done by the International City Managers' Association on the problems of Federal-local administrative problems.

This survey shows that city managers would support this title because it would enable them to do a better job of planning and implementing programs involving Federal grants. More important, the programs themselves could be more effective because the coupling of similar programs would have already largely been done.

The ICMA survey stated:

The multiplicity of programs makes it extremely difficult to place one program in context with others, and it is equally difficult to determine among four or five programs, which one is most appropriate for the city.

City managers expressed the idea that programs would be more effective if aimed at community activities instead of specific projects. At present, local programs are often shaped by Federal requirements, rather than the particular community needs.

Saginaw is indeed fortunate for it is able to afford a young man with a master's in public administration that works virtually full time on Federal aid programs. He feels that of the 128 direct Federal aid city programs, he is able to be knowledgeable about 15 to 20 of these programs. Thus, it is most difficult for us to know what programs might be helpful and, as important, if funds are available.

I cannot help but think, parenthetically, of the smaller cities who are not able to afford this luxury of a man well trained and able to specialize in this type of thing, entirely on Federal programs, and we do consider it a luxury.

Senate 2981, Joint Funding Simplification:

The Joint Funding Simplification Act is a supplement to the Consolidation of Grants. This act is important because where consolidation is not feasible, it provides a means to provide coordination of related programs. More important, it allows the administrators of various related programs to remove inconsistencies as spelled out in section 6. It appears to allow the city to make one contact point—not several.

Again, the ICMA survey pointed out that there were inconsistencies among the plans required by Federal agencies that worked against each other's objectives. It was felt by the managers surveyed that a comprehensive plan might be required that could fit the needs of most of the Federal programs. The simple matter of having one basic application form would permit us at the local level to do a better job of meeting our needs and carrying out national objectives of Federal programs.

One of the most important provisions of Senate 2981 is the authority to establish joint management funds. It is obvious, from the local viewpoint, that being able to receive money for several related projects at the same time from the same fund simplifies our ability to effectively carry our related programs without spending excess energy on coordinating the Federal establishment.

It is hoped that future legislation can be developed that overcomes what appears to be a weakness of the joint management fund, of an overall local program being held up because one of the specific Federal programs involved does not have the money to place in the fund. At present, the processes of obtaining much-needed Federal assistance does not allow for effective long-range financial planning. Thought must be given to providing some way to overcome the uncertainties of Federal funding. The proposal of the National League of Cities for an urban development fund warrants serious attention.

One example will illustrate the problem of financial and physical planning. Saginaw has created a metropolitan water supply system in partnership with 11 adjacent townships. We finally applied for a grant to help construct the system. However, because of artificial fiscal ceilings on the grant, we have not received approval.

The total project is \$6 million and the grant request is for \$3 million. Arbitrarily, the Federal has a ceiling of \$1.5 million per application. If each governmental jurisdiction had applied separately, as entitled, the money granted would, as you can well imagine, have far exceeded the limit of \$1.5 million.

Finally, it is hoped that this bill will relate to local governments of general jurisdictions, not special districts. Enough has been said about the problem of special districts. Suffice it to say that in most cases, local governments of general jurisdictions are more responsive to and cognizant of local needs. I would like to see a provision in Senate bill 2981 similar to section 402 of S. 698.

TITLE IX—UNIFORM LAND ACQUISITION

This title will do much to remove the confusion that now exists over Federal purchase of land. It sets equitable policies and clearly provides information to property owners who must sell to the Federal Government. It protects the property owner, and if the term "fair and reasonable" consideration—Section 91(a)(3)—means fair market value, it sets an acceptable basis for negotiations.

At this point, I would like to say that title VII, Urban Land Utilization, also in conjunction with title IX, is important. It at least recognizes that the Federal Government should be cognizant and "to the extent a Federal administrator considers practical" follow local planning and zoning laws.

I would like to see the language stronger for at least all nondefense

property. I would like to see that unless Federal agencies could show cause why not, local regulations should be followed.

At present, we in Saginaw are involved with the General Service Administration on a new Federal building. The Federal building will be located in a downtown urban renewal area planned by outstanding planners and designers. The plan is based on vertical development, separating vehicular and pedestrian conflict.

The General Service Administration has been most cooperative in working with us. However, their attitude towards vehicular access and parking are in conflict with the overall design. If the Federal Government, who on one hand is encouraging comprehensive planning, decides to violate the plan, how can the city logically ask private business to conform to the plan?

TITLE VIII—UNIFORM RELOCATION ASSISTANCE

Here again, the provision sets a policy, stressing equitable treatment to people no matter if they are displaced because of highway construction or an urban renewal program. The treatment of people being displaced is highly important in our society. When cities are directly involved in a program, they can do much to mitigate the forced move of people or small independent business. Often the persons forced to move are the poor and elderly—those least able to absorb the financial effects—and disruption—of a move. Further, it is this group for which housing is often most difficult to find.

Saginaw has been most concerned about inconsistencies in relocation as early as 1963. The construction of Interstate 675 business loop through the city of Saginaw contemplated that the relocation of 707 families and business establishments would be required. At the time of preliminary planning, the State had no resources or plans for relocating these families or for staff assistance, and the State Highway Department, in fact, opposed becoming involved.

In October of 1963, the city of Saginaw by resolution—and I would like to read just two resolve portions, which are brief, because it states the position of the city very clearly:

Resolved, that the City of Saginaw requests of its State representatives the introduction and enactment of State legislation to provide for the assistance to families and business in relocating in standard housing or places of business and payments for relocation costs, such costs to be included as part of the total project costs, and be it further

Resolved, that if such efforts to obtain State legislation are unsuccessful, the City Council of the City of Saginaw will provide in the appropriate year's budget necessary funds for trained personnel to be added to the present relocation staff for the specific purpose of aiding those persons displaced by I-675 in obtaining housing accommodations in standard units in other areas of the city, and for moving costs if not included and itemized in the purchase price.

I might point out that this would have been done at an estimated cost of approximately \$50,000 a year, which is a lot to a city of our size.

In 1965, as a result of pressures from the city of Saginaw and others, the State of Michigan passed act 40, which provides for relocation payments and assistance similar to urban renewal.

Early in the planning stage, the city opened negotiations with the State for providing a uniform relocation assistance, utilizing the

already established and functioning city urban renewal relocation office. We convinced the State that this would give much more uniform service, that all of the families and businesses would be afforded the same level of services, which would avoid confusion, and also that the relocation office was better equipped to find available housing resources. Such a contract between the city and State would eliminate the need for the State hiring and training a relocation staff.

After much negotiation the city of Saginaw became the first city in the State of Michigan to enter into such a relocation agreement with a State government. The city was reimbursed at the rate of \$50 per family relocated, which approximately compensated the city for its costs.

The success of this agreement is evidenced by the fact that the 707 families were relocated within the time schedule with little disruption, plus the adoption of this technique and contact form by the State for work in Flint and Detroit. This was attributable to the skill and experience of the city relocation staff and also to a comprehensive 10-year planning schedule for relocating families from all governmental programs so that the burden did not fall in a short period of time.

This experience of the city of Saginaw showed us that efforts, not only financial, but of assistance, are highly important. Citizens should not be expected to differentiate between programs supported under one Federal act as opposed to another. And in any case he looks to city hall for fair and uniform treatment.

Senator MUSKIE, I want to emphasize in conclusion that we, although trying to be constructively critical of some of the provisions of the bills, do feel that the Federal aid programs have been instrumental and a vast improvement in the general living conditions and the development of our cities. We are grateful, and I stand ready to answer questions.

Senator MUSKIE. Thank you very much, Mr. Potthoff. This is a very useful and helpful statement. I am sorry we do not have the time to hear any more, because I have another appointment at 12 that I must keep. But I think that your statement has anticipated most of the questions that I might be likely to ask, and if other questions occur to us we will submit them to you, and trust that you may find the opportunity to respond.

Mr. POTTHOFF. I will be most happy to do so.

Senator MUSKIE. Thank you very much.

I appreciate the cooperation of our next and last witness of the morning, Mr. William L. Rafsky, president of NAHRO, and executive vice president of the Old Philadelphia Development Corp. I understand that because of the pressure of the Committee's time he is willing to come on Thursday morning at 9:45 to be our first witness.

Mr. RAFSKY. Yes.

Senator MUSKIE. We will be delighted to receive your statement this morning.

Mr. RAFSKY. I would like to enter it into the record if I may, then.

Senator MUSKIE. It will be included this morning, and perhaps on Thursday you might summarize it briefly, as a preface to a question period.

(The complete prepared statement of William L. Rafsky, above referred to, follows:)

STATEMENT OF WILLIAM L. RAFSKY, PRESIDENT, NATIONAL ASSOCIATION OF
HOUSING AND REDEVELOPMENT OFFICIALS

Mr. Chairman and members of the Subcommittee, I am William L. Rafsky executive vice president, Old Philadelphia Development Corporation and president of the National Association of Housing and Redevelopment Officials. It is a privilege to appear before you today as spokesman for the members of NAHRO who are, as you know, the administrators of the programs in which the subcommittee has particular interest—the agencies and individuals responsible for executing the nation's low-income housing, renewal and housing codes programs. Our Association has been in existence for 35 years; it currently represents about 6,000 local, state and federal officials in some 2,500 localities.

Mr. Chairman, NAHRO is pleased to have the opportunity to present its views on the two bills pending before you—S. 698, the Intergovernmental Cooperation Act of 1968 and S. 2981, the Joint Funding Simplification Act of 1968. We recognize that S. 698 is the result of the intensive and important work which this Subcommittee has undertaken in the past two years. We commend both the chairman and the subcommittee for the attention which it has given in the hearings on Creative Federalism and its other deliberations on the important issues involved in the administration of federally-aided assistance programs; and in particular, important intergovernmental questions. NAHRO is in general support of both of the measures pending before you. We intend to give more detailed comment in regard to some of the provisions, in particular on two titles of S. 698 (Title VIII, the Uniform Relocation Amendment, and title IX, the Uniform Land Acquisition Policy).

At the same time, Mr. Chairman, because this is the first opportunity which NAHRO has had to testify personally before this subcommittee in some time, I would like to bring attention to a concern which our Association raised recently before the Subcommittee on Housing and Urban Affairs of the Senate. This is the issue of local responsibility and initiative in carrying-out federally-assisted programs and the need to strengthen the capacity of all local agencies to undertake effectively the important urban functions which are their true responsibility. We believe that it is an integral part of the intergovernmental relations question to recognize fully the *local* role in federal assistance programs. In this connection, and without taking more of the subcommittee's time, I would like to file for the record a copy of the recent remarks which I made on this subject before the Subcommittee on Housing and Urban Affairs. We hope that we will have a further opportunity to present our views on this question to the Subcommittee.

Now, I would like to present some general views on the titles contained in the bills pending before you.

First, let me say that while most of the provisions of this Act relate to intergovernmental relations between the Federal government, States and localities, there is need to recognize the growing relationships between State governments, particularly in concentrated urban areas. This trend is recognized in section 401(b) of S. 698, but we would hope that the subcommittee might consider the interstate relationship in response to other titles of S. 698—in order to facilitate the effective use of federal assistance. A leadership role in this area by the Federal government could do much to prevent potential cooperation becoming bogged down in constitutional difficulties by encouraging flexible action by metropolitan entities.

Title II.—NAHRO is in general support of title II, because it recognizes the important role of the State governments in the area of urban assistance and we hope to work cooperatively in a more intensive manner with state governments in terms of developing the state-local relationships which are essential to the effective use of all grant-in-aid programs.

Title III.—NAHRO also strongly supports title III which would permit Federal departments to provide technical assistance to State and local units of government. Certainly we recognize that the specialized and technical capacities of federal agencies are an important asset to state and local governments in carrying-out assistance programs; we welcome such assistance. At the same time, we hope that it will be fully recognized that appropriate assistance must be provided to enable state and local agencies to extend and expand their own technical and specialized competence.

Title IV.—Our Association is in support of the objectives of title IV which provide that important urban development programs, including those programs most related to urban growth (such as open space land, hospitals, libraries, airports, water and sewer facilities, land conservation, and other important public works) will be effectively related to local programs and comprehensive urban planning. This title is complementary to the planning assistance programs currently before the Congress and in S. 3029, the Housing and Urban Development Act of 1968. The provisions under title VI of S. 3029 provide for extending planning assistance into urbanized districts. Certainly, both of these are important steps toward a correction of urban sprawl and toward the development of well-balanced communities in total metropolitan settings.

Title V.—NAHRO supports the concept that there should be a systematic review of federally-assisted programs by the Congress, with the view of updating these grant-in-aid programs, eliminating duplication and making them more effective. At the same time, we would like to make one specific suggestion. Under section 503, we suggest that in the studies of grant-in-aid programs, conducted by the substantive committees in the Senate and the House, specific indication be given in the statute that these studies will include consultation *with* and recommendations *by* state and local agencies which are the recipients of this assistance.

Title VI.—This title of S. 698 and S. 2981, the Joint Funding and Simplification Act, both address themselves to the important question of how the present extensive number of grant-in-aid programs can be consolidated and better administered. We recognize the need and applaud this objective. In approaching this question, we recognize, that the Department of Housing and Urban Development already has important powers, under the direction of the President, to coordinate federal activities affecting housing and urban development. We see the present bills before the subcommittee as further extending these powers, under the President's direction. We also recognize that there will be a period of adjustment to any new administrative arrangement at federal, state, and local levels. In fact, we see S. 2981 as an important bill in that it would provide an "interim method" to move into better coordination, without the necessity to jump to the *full consolidation* of grant-in-aid programs which is indicated in title VI. At the same time, we would support the title VI provision to accommodate those programs and areas which are ready to move to a full consolidation. We would suggest a possible alteration in language in connection with *section 602(a)(1)*—it may be too restrictive to expect that all consolidation can take place in a *single* agency. It may be appropriate and necessary in some instances to recognize that joint administration by more than one agency is the best administrative solution. The subcommittee may wish to consider some easing of this requirement.

Mr. Chairman, as we approve the efforts at the federal level to provide for a more coordinated approach to the administration of federally-assisted programs, we recognize that there is a complementary development in the coordination of urban development programs at the local level. While the Association is not prepared at this time to spell out in full how we see the intermeshing of consolidated grant programs at the federal and state levels with the administration at the local level, it is our intention to use the instrument of the proposed Intergovernmental Cooperation Act as a basis to explore this relationship. It is our hope that this can be accomplished within the basic understanding that the responsibility and initiative for these programs resides at the local level.

Title VII.—NAHRO supports this title which would provide for giving reasonable notice to general local governments of the Federal government's intent to acquire, use or dispose of land. There have been instances in the past where the failure to work cooperatively in such matters has perpetuated land uses inconsistent with local efforts to carry out comprehensive planning. This Title is an important tool to prevent such occurrences.

Title VIII.—NAHRO reaffirms its strong support for uniform relocation assistance and the objectives of title VIII of this bill. We make this statement based on the direct experience of the local relocation personnel who are members of our Association and charged with the day-to-day operation of relocation assistance programs covering urban renewal, public housing and housing codes enforcement, as well as the growing number of centralized local relocation operations covering all public displacement activity. Their experience clearly indicates a strong need to make uniform payments and assistance

available for *all* public displacement. Daily, they encounter situations of "unequal treatment" because families are displaced by different public programs and receive different levels of assistance. It is difficult to explain to a displaced family why it must receive fewer benefits because the public program causing the displacement is different. We commend the sponsors of this bill in seeking to end this unfair treatment.

Mr. Chairman, we are at a new stage in the evolution of knowledge and experience about the impact and approach to relocation—because of the leadership role in the urban renewal program since 1949. NAHRO is in the process of studying and evaluating this experience, with the view of presenting detailed recommendations to the Congress and to the Administration on changes and adjustments which should be made in relocation policy and administration to meet relocation needs as we see them at the local level. In our study effort, we will shortly complete a four-year study aimed at estimating the impact of relocation on the elderly, in cooperation with the University of Pennsylvania. We will also shortly complete two additional studies—one on the 10-year relocation experience in New Haven, Connecticut and another, a survey of current centralized relocation operations in 11 cities. A full listing of these study reports is attached to our testimony and we request that it be included in the record. In addition to our study effort, we are convening a workshop of relocation practitioners from throughout the nation in Washington at the end of this week (May 16–17) to provide an opportunity to assemble their cumulative advice and counsel on the present status of relocation practice and ways to improve it.

Pending completion and evaluation of these studies and meetings, we would like to respond to the specific provisions of title VIII from the viewpoint of our present experience. At the same time, we request that if any additional recommendations on title VIII should result from the May 16–17 meeting of relocation personnel, we may file them for the record before the close of the hearings.

NAHRO would also like to make very clear that it strongly supports the move toward a uniform relocation system, and we would not want any of the specific recommendations which follow to detract from this central goal.

Here are our specific recommendations on title VIII.

Section 802(c) (3) and 807(a) (2)

We do not believe that under item (3) of section 802(c), providing an additional payment of \$300 if the displaced person purchases a dwelling within one year after displacement, is adequate. We favor a provision that any displaced homeowner who cannot afford to purchase comparable housing in a new location (utilizing the sale price from his property as a down payment and spending 20 percent of his income for housing) be eligible to receive a flat additional payment to supplement his down payment and bring monthly housing costs within his reach. In consideration of this additional grant, the public agency would hold a lien on his property payable when the ownership of the property is transferred. More details on this amendment are attached to this testimony.

We further propose that any displaced renter household wishing to purchase a home be given special priority treatment under the home ownership assistance programs of the Federal government.

Under our comments on title IX, we have a further suggestion about compensation to home owners displaced by public action—a concept based on "hardship," rather than "market value."

Section 805(a) (2) (B) and 807(a) (1)

The moving expense allowance provided under this section does not provide for *direct loss of property* by either an individual family or a business. We believe that such a loss should be compensated as is now provided under Section 114 of the Housing Act of 1949.

Section 802(e) and 807(a) (2)

We do not favor the continuation of the relocation adjustment payment (RAP) as it is currently constituted under the Housing Act, or as it is contained under title VIII of this pending bill. Nor, do we believe that the dislocation allowance up to \$100, as provided under section 802(c) (2) is adequate. Our experience with the RAP in practice is that it is administratively cumbersome and that it is inequitable. As an indication of the experience with RAP payment, we would like to file for the Record an article from the *Journal of Housing* (JOH No. 10,

1967). We would favor the replacement of the relocation adjustment payment as it is currently constituted and the substitution of a flat relocation adjustment payment by size of household (in addition to moving costs) which would be available to all those displaced and which would compensate for all the extra expenses and personal adjustments which result from any move in location. We would recommend also that any displaced family be given priority for any of the housing assistance programs of the federal government; and that his priority be spelled out in the Statute. We further suggest that additional funding be provided for the Section 23 Leasing Program administered by the Housing Assistance Administration to accommodate a supplementation of rents for displaced families in existing housing. We believe that the Section 23 Leasing Program is a much more adequate vehicle for rent assistance than the relocation adjustment payment; and this assistance can continue as long as the housing need continues. The use of the section 23 program might be further enhanced if the lease term was extended from 5 to 10 years, permitting the higher degree of rehabilitation. (Detail on the proposed RAP payment is attached.) We will have additional recommendation relating to the payments for home owners and businessmen displaced by urban renewal or public housing in our comments on title IX.

Title IX.—NAHRO strongly supports a uniform land acquisition policy for all federal and federally-aided programs. We are in general accord with the provisions of this Title. As in the case of relocation, however, we believe there is a need for a complete review of land acquisition experience under federally-aided programs and in particular, the administrative regulations based on the statutory requirements. During the last month, our Association has made a specific recommendation to the Secretary of Housing and Urban Development relative to the payment for properties taken from low-income families for urban renewal and public housing. We have recommended that when properties owned by home owners and small businessmen are acquired for urban renewal or public housing, that the top appraisal figure, of the two independently made appraisals required, be given automatically. In many *local* instances, such a practice is already followed and NAHRO believes it is only equitable that such a practice be extended to cover all such displacement. Since there is some question as to the authority of the Secretary to issue such an administrative regulation, we request that consideration be given to adding such a provision to either title VIII or title IX of S. 698, or indicating approval for such an administrative determination, in the Committee report.

We would also suggest that the subcommittee consider the feasibility of applying nationally a procedure recently adopted by the Maryland legislature which provides for payment of additional compensation, above "fair market" value, for certain owner-occupants of properties acquired by eminent domain. We are attaching to our testimony a copy of this Act of the State of Maryland.

As in the case of our detailed recommendations on title VIII (Uniform Relocation), we hope that these recommendations on title IX (Uniform Land Acquisition), will not be interpreted as detracting from the central goal of achieving uniform policies and procedures in these areas—a goal which we strongly support.

Mr. Chairman, we greatly appreciate the opportunity to present our views to this subcommittee.

EXHIBIT 1

NAHRO TESTIMONY BEFORE THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS OF THE U.S. SENATE, MARCH 12, 1968

NAHRO sees the need for a new concept and mechanism that will make local initiative and responsibility truly possible, and asks for joint deliberations by the Association, the Department of HUD, and the Congress to develop such a new approach. In the meantime, it specifically requests the Congress to reaffirm the principle of local initiative and responsibility.

My full statement is perhaps the most detailed public response NAHRO has ever made to a housing and urban development bill. We are firmly in support of the proposed Housing and Urban Development Act of 1968.

Yet, at the specific direction of the NAHRO Board of Governors, which met in Washington just two weeks ago, I must express to you our belief that none of this promising activity can be effectively moved forward unless there is a new

understanding about the placing of initiative and responsibility at the local level. Over the past year, the members of our Association have been increasingly concerned about the number of important national policies and procedures relating to our programs that have been issued without prior opportunity for local officials to make suggestions and comments. These omissions have covered a wide range of issues, including the "urban goals" policy; property management and land negotiation procedures in the urban renewal program; and the site selection, tenant assignment, and priority production procedures in the public housing program.

This matter is of such serious concern that our Program Policy Resolution for 1967-69, adopted by the full membership of our Association last October, expressed "... dismay and frustration ... over the fact that a full measure of responsibility is not vested in local agencies ..." and suggested that a first order of business for HUD should be "... the granting to local communities of a full measure of initiative and responsibility, in accordance with the declaration of purpose of the Housing Act of 1959."

NAHRO recognizes that there are important, critical matters related to national policy that are the proper concern of the Department of Housing and Urban Development at the federal level. But the full impact of national policy decisions can only be measured accurately at the *local* level. The difficulty concerns no individuals or officials at either the federal or local level—the fault lies in the present method under which national and local goals are established, and the inadequate mechanism that we now use to join them in a common program effort. The present system of detailed federal reviews of local operations breeds delays and frustrations. We need a new concept and a new mechanism that will make local initiative and responsibility truly possible, while recognizing the proper interest of federal government in program goals and the allocation of national resources.

Mr. Chairman, NAHRO realizes that it has an important responsibility in making recommendations that will help to establish the new concept and mechanism for the federal-local relationship. We are presently preparing a report that defines more fully our concept of local housing and urban development goals and a balanced local community development program. We hope we will have an opportunity to present this report to the Congress, as well as to undertake intensive discussions with the Department of HUD. In the meantime, we specifically request that the subcommittee include in its report a reaffirmation of the principle of local initiative and responsibility.

EXHIBIT 2

NAHRO PROPOSED AMENDMENTS ON RELOCATION: 1968 TESTIMONY

1. Change of relocation adjustment payment to a flat payment for all displaced families.—The system of *relocation adjustment payments* authorized by section 114 of the Housing Act of 1964 provides for payments of up to \$500 to assist a displaced family in paying for the first 12-month period in its new housing, providing it cannot afford standard housing by expending 20 percent of its income for rent. In practice, this provision has proven complex, as well as difficult to administer in a complete equitable manner. In addition, it covers reimbursement for housing expenses only and then only for a 12-month period. NAHRO recommends that the local public agency be authorized to use, as an option, a Relocation Adjustment Payment as a flat payment, based on family size, and available to *all* displaced families to cover the unavoidable expense and distress involved in shifting housing location, in addition to moving expenses. We would recommend the following flat payments: 1-3 persons—\$200; 4-6 persons—\$300; 7 or more persons—\$500.

2. Assistance to displaced homeowners where the price paid for their property does not permit them to purchase comparable housing in a new location.—Experience in relocation of families displaced by public activity has shown that there are many hardship cases which concern home owners, many of them elderly, who cannot afford to purchase comparable housing in a new location. The inequity occurs because the sum which they are paid for their property in the clearance area is not sufficient for a down-payment on comparable housing, with the resulting monthly cost still within their incomes. NAHRO proposes that in all cases where displaced home owners cannot purchase comparable housing

in a new location (utilizing the sale price from his property as a down payment and meeting resulting monthly housing costs within 20 percent of his income) that a flat additional grant be made to supplement his down payment to a point sufficient to bring the monthly housing costs within his reach. In consideration of this additional grant, the local public agency would hold a lien on his property, payable when the ownership of the property is transferred.

EXHIBIT 3

NAHRO STUDIES ON RELOCATION: 1964-68

- I. *The University of Pennsylvania in cooperation with NAHRO (1964-68.) Relocation of Elderly Persons Demonstrations and Research under a grant from the Ford Foundation.*
 - a. *Essays on the Problems Faced in the Relocation of Elderly Persons*, NAHRO and the Institute for Urban Studies, University of Pennsylvania, 137 pp., June, 1963, Second Edition, January, 1964.
 - b. *The Elderly in Older Urban Areas, Problems of Adaption and the Effects of Relocation*, by Paul L. Niebanck with the assistance of John B. Pope, Institute for Environment Studies, University of Pennsylvania, 174 pp., 1965.
 - c. *Reports on Local Demonstrations*
 1. *Relocating the Dispossessed Elderly—A Study of Mexican-Americans* (San Antonio, Texas) by Julie M. Reich, Michael A. Stegman and Nancy W. Stegman, 136 pp., February, 1966.
 2. *Preparing the Elderly for Relocation, A Study of Isolated Person* (San Francisco, California) by Wallace F. Smith, 104, pp., September, 1966.
 3. *The Social Functioning of the Dislodged Elderly, A Study of Post-Relocation Assistance* by David Joyce, Robert R. Mayer and Mary K. Nenno, 89 pp., December, 1966, Providence, Rhode Island.
 4. *Operation Janus, Serving the Elderly in the Process of Relocation* (New York City), 1968 (in final stage of publication).
 - d. *Relocation: From Obstacle to Opportunity in Urban Planning*, University of Pennsylvania Press, 150 pp., July, 1968.
- II. *NAHRO Studies Under a Section 314(b) Grant from the Department of Housing and Urban Development (1967-68)*
 1. *Relocation Becomes a Program in New Haven, A History and Analysis of Relocation Experience from 1956-67*, by Alvin A. Mermin (in final review stage).
 2. *The Moving Picture: A Survey of Centralized Municipal Relocation Services*, by Robert P. Groberg (in final review stage).

EXHIBIT 4

RELOCATION ADJUSTMENT PAYMENTS

(A case-study of why local operating experience is needed in drafting legislation and formulating regulations)

By Emanuel Gorland, Director, Office of Community Improvement, Department of Urban Renewal and Lincoln Park Housing Commission, Lincoln Park, Michigan.

By taking a particular piece of legislation—in this case Section 114(c)(2) of the Housing Act of 1949 as amended—Mr. Gorland shows how the intent of a law can be thwarted when the law is drafted and implemented by persons who are often unfamiliar with the problems of the local public agencies that must administer it.

A relocated site occupant, whom we shall call Mrs. Smith, recently visited the Office of Community Improvement to find out when she would be receiving her \$500 relocation payment. Upon checking her case records, we advised that

nothing further was due and that all eligible moving expenses had been paid. She then complained that a former neighbor couple (we will call them the Browns) received, in addition to moving expenses, a check for \$500.

We tried to explain to Mrs. Smith that, because the Browns were now primarily supported by social security, while her husband was still employed, and, because of the difference in their respective incomes, the Browns were entitled to the relocation adjustment payment but she was not. Mrs. Smith protested, however, that the Browns were far better off financially than she and her husband. The Browns had money in the bank, lived well, and had previously owned their home free and clear. Furthermore, when the city purchased their home, they bought a better one, also free and clear of any mortgage. "On the other hand," protested Mrs. Smith, "we were never able to afford even the down-payment on a home. If the purpose of the relocation adjustment payment was to help meet the monthly payments for decent housing, we need it a lot more. The Browns have practically nothing to pay each month, yet they received a large cash amount and we get nothing. It's not fair."

We feebly explained that we were only administering the laws and regulations as they were written. This was not our first complaint concerning relocation adjustment payments. And administrators and relocation personnel in many other communities report similar problems.

THE LEGISLATION

Relocation adjustment payments were authorized by Section 114(c)(2) of a 1964 amendment to the Housing Act of 1949. The original purpose of the payment, as proposed by President Johnson, was to provide a rent supplement to low-income families and elderly individuals who were unable to obtain facilities in public housing and who were unable to relocate into decent, safe, and sanitary housing at a price they could afford. It was based on the concept that such persons could generally afford 20 percent of their income for rent, leaving them in need of some financial assistance to obtain the desired housing. The intent of the payment was commendable * * * but the resulting legislation was so poorly drawn that it constantly plagues local administrators.

Each year, various individuals, organizations, government agencies, and Congress study and propose amendments to the 1949 Housing Act. Prior to adoption, there are lengthy hearings by Senate and House committees, which are followed by legislative haggling and compromise. Oftimes, the resulting law that emerges from these processes is vastly different from that originally proposed.

Section 114(c)(2) of the act provides that: "A local public agency may pay [in addition to reasonable moving expenses], on behalf of any displaced family or any displaced individual sixty-two years of age or over, during the first five months after displacement, a relocation adjustment payment, not to exceed \$500, to assist such displaced individual or family to acquire a decent, safe, and sanitary dwelling. The relocation adjustment payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average rental required, for a 12-month period, for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family (in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities): *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act: *Provided further*, That payments under this paragraph shall be available only in the case of families, and individuals sixty-two years of age or over, displaced on or after January 27, 1964."

FORMULATING REGULATIONS

Although the amendment was signed by the President on September 3, 1964, it took almost five months for the Housing and Home Finance Agency to formulate the necessary policies and requirements, released as *Local Public Agency Letter* 321 on January 13, 1965.

The issuance of this *LPA Letter*, titled "Relocation Adjustment Payments and Small Business Displacement Payments," followed regional conferences held by HHFA with local administrators and technicians in order to obtain their viewpoints and recommendations. This was one of the few instances that local agency personnel were asked for their opinions concerning pending regulations.

Several supplementary *LPA Letters* have been issued concerning relocation adjustment payments. In addition to *LPA Letter* 321, still in effect are *LPA Letters* 323, 326, 331, 350, 362, and 363. Although HHFA generally did a commendable job of formulating procedures, some of the regulations it adopted have compounded the problem.

The major objection to Section 114(c) (2) is the provision that a local public agency may pay "during the first *five months* [emphasis added] after displacement, a relocation adjustment payment, not to exceed \$500 * * *" In the very next sentence, however, the section provides that the "payment shall be an amount which when added to 20 per centum of the annual income of the displaced individual or family, at the time of displacement, equals the average rental required for a "*12-month period*" [emphasis added].

Because the time periods in the two sentences quoted above differ, HHFA, in formulating its regulations, required that, instead of a supplement payment, the *full* amount of the displacee's rent be paid each month up to five months. If any further amount was due, a cash payment of the balance would be made to the displacee. If, however, the amount due the displacee was less than adequate to cover the rent for the entire five month period, then the *full* rent would be paid each month until the total amount of the readjustment payment was used up.

For example, if a displacee was entitled to the maximum \$500 payment and was paying a contract rent of \$70 per month, his full rent would be paid by the local public agency for five months. Thereafter, he would be entitled to a single cash payment of \$150. If another displacee was entitled to \$400 and was paying a contract rent of \$100 per month, the full rent would be paid only for four months and he would receive nothing thereafter.

As a result of this regulation, the displacees are not required to use any of their own money for rent while relocation adjustment payments are being made. In many cases, they utilize the money they would normally use for rent, together with any cash payments due them after the five month period, to indulge in unaccustomed luxuries or to purchase such things as a new color TV set. Thus the regulation defeats the intent of the act, i.e., that the money be used "to assist these people to accommodate themselves to their greater housing costs."

During the period these payments are made, few save the 20 percent of their income they are presumed to afford for rent. After the payments cease, the full contract rent often becomes a heavy burden on the tenant.

HOW IT HAPPENED

Rent supplementation was bitterly opposed by certain forces inside and outside of Congress. The new phrase "relocation adjustment payment" was born, in fact, to neutralize the bitter attitudes towards rent supplement payments. It was one of several terms considered. On page 3 of *LPA Letter* 307, dated September 16, 1964, explaining what the 1964 housing act provided, the term "rehousing assistance payment" was used—then, in *LPA Letter* 321, dated January 13, 1965, the payments became "relocation adjustments."

Using a different term to convey the same meaning is not an unusual legislative tactic. The *Wall Street Journal* has noted that picking a "right title can smooth a bill's path in Congress. * * * Picking a righteous sounding name like 'truth-in-lending' for a controversial bill * * * can be an effective ploy * * * Last year's Demonstration Cities Act for rehabilitating slums won grudging Congressional approval, but some lawmakers complained the name made voters think the Government wanted to encourage riots. Now the name has been changed to 'Model Cities.' * * *"

The terminology notwithstanding, certain elements in Congress were still opposed to what amounted to a rent supplement. In any case, by whatever name, there were differences of opinion as to the period over which payments were to be made. The President recommended a two-year period.

The Senate substantially adopted the President's recommendations on readjustment payments for relocatees but reduced the time period of the benefits from two years to one year. The bill, as originally adopted by the House of Representatives, provided for payment "to or on behalf of any individual or family the monthly rental (or mortgage payment) required for the dwelling accommodation in which such individual or family is relocated during the first three months (after displacement) for which such rental or payment is due. * * *" A \$200 limit on the total amount of the payments was also contained in the House version.

Due to the differences in the Senate and House provisions, the bill was referred back to a Senate-House conference committee. The conference report recom-

mended, and Congress adopted, the Senate's one-year provision and the Administration's recommended payment formula, based upon 20 percent of the recipient's income, but provided that the full amount be paid in five months, with a \$500 limit in the total payment.

Although both bills contained major defects or omissions, the Senate version had the advantage of providing a true rent supplement, based on need, whereas the House version provided merely a bonus for moving to everyone, irrespective of need. Nevertheless, if *either* version, rather than the compromise, had been adopted, the administration of the payments would have been greatly simplified.

SHORTCOMINGS

Among the shortcomings in Section 114(c) (2), as adopted, is the fact that no provision is made for asset limitation in determining the eligibility of a displacee. Theoretically, a person or family could have extensive property or assets, such as jewelry, real estate, or even a million dollars cash in a bank vault. Yet if their actual verified income is low, they would qualify for the relocation adjustment payment.

Another provision of the section requires that in order to qualify for such payment, the displacee shall be unable to secure a dwelling unit in a low-rent housing project. Such projects have asset limitation policies that may disqualify otherwise eligible persons if their assets exceed a certain sum. By being rejected for public housing, such persons would immediately qualify for the relocation adjustment payment.

Another fallacy of Section 114(c) (2) is that it fails to take cognizance of the actual rent that the displacee pays in the computation of the amount due him. It requires that the local public agency determine the *average* rental required in the community for the size of unit necessary to house the elderly individual or a family consisting of a certain number of persons. For example, if the local public agency determined the average rental for a two-bedroom apartment of modest standards to be \$100 per month in the particular community, but the eligible displacer obtained an apartment to meet all requirements at \$80 per month, his payment would still be determined on the \$100 basis.

Another apparent oversight in this section is the failure to differentiate between the eligibility of an owner or tenant. If a family or an elderly person has adequate assets to buy a good standard home free and clear of a mortgage, with sufficient income to afford the necessary payments for taxes and other expenses within the 20 percent of income criteria, they would still qualify for the relocation adjustment payment. The payment would also be determined by the average rental criteria, except that they would receive the full amount in a lump sum.

In many instances elderly persons choose to move in with children or other family members who are financially able to care for them. Under such conditions, even if the eligible relocatee is not required to pay a cent for his care, he would still be entitled to the full relocation adjustment payment, in a lump sum.

Section 114(c) (2) states "a local public agency *may* pay * * * a relocation payment * * * to *assist* such displaced individual and family to acquire a decent, safe, and sanitary dwelling." In interpreting this section, HHFA and its successor, the Department of Housing and Urban Development, seem to have ignored the fact that the section says "may" rather than "shall" and that its purpose is to "assist" in acquiring decent facilities. In the two preceding instances, it is questionable whether such lump sum payments were intended within the meaning of the act or in any way "assist" in relocating the recipients in decent housing. The detailed regulations adopted by HHFA leave little, if any discretion to the local public agency in determining eligibility.

It is interesting to note that according to the rules and regulations promulgated by the HHFA, every eligible low-income family and elderly individual who move from a renewal project area any time after the signing of a loan and grant contract or HUD concurrence in project execution activities are entitled to a relocation adjustment payment. There is no requirement for length of prior tenancy within the project area.

A low-income family could purposely move into the project area just before this period with full knowledge that they would have to move shortly thereafter and with full knowledge that they would receive these benefits. An elderly derelict, for instance, could move into a \$1 a day flophouse just before this period and then relocate shortly thereafter to an efficiency apartment with all standard housekeeping facilities. He would have his full rent paid for five months and also receive a cash payment. Furthermore, the local public agency would be

obliged to attempt to locate such persons if they moved without knowledge of the local agency and without claiming such benefits.

It is also interesting to note that at the same time the 1964 housing act was providing a relocation adjustment payment for eligible low-income families and individuals 62 years of age and over, Congress also revised Section 105 (c) of the 1949 housing act by placing upon the local public agency the burden and responsibility of relocating *all* individuals as well as families. However, no provision was made for such financial assistance to individuals under 62 years of age, who because of physical disability or other factors, were equally in need of such help.

CONCLUSION

The foregoing is a critical analysis of but one subsection of the 1949 housing act. At the same time that HUD studies and recommends the enactment of the new amendments to the act and other pertinent legislation, it should also recommend correction of past legislation that has created unforeseen inequities or administrative problems.

Coupled with such review of existing laws, HUD should undertake a systematic review of its regulations and procedures. These are presently contained in the three volumes of the *Urban Renewal Manual*, local public agency letters, regional agency letters, technical guides, etc. Any local administrator can attest to the many problems created by the lack of a central index for such material.

The apparent purpose of the *LPA Letters* was that they be used as an advance notice of changes in regulations or procedures, until such time as they could be printed and incorporated into the *Urban Renewal Manual*. Many of the *LPA Letters* are drafted by HUD technicians, who may have little or no experience at the local agency level. Very often, other *LPA Letters* are required to revise, supplement, or replace previously issued letters. This only adds to the confusion.

To minimize this problem, drafts of proposed *LPA Letters* should be sent to selected local agencies and/or NAHRO liaison committees for review and comments prior to official release. Another constructive measure on the part of HUD would be the establishment of a target period, not to exceed six months, for the incorporation of any new *LPA Letters* into the *Urban Renewal Manual* or the development of new manuals similar to those utilized for the public housing program.

Because the administration of an urban renewal program is a complex undertaking, the sooner necessary measures are taken to simplify the procedures and improve administration of the program, the sooner the program will be accepted by the affected people as a vital necessity in our cities and towns.

EXHIBIT 5, SENATE OF MARYLAND, No. 365 BY SENATOR BERTORELLI, FINANCE
(By Request)

BY THE SENATE, FEBRUARY 16, 1968. INTRODUCED, READ FIRST TIME AND
REFERRED TO THE COMMITTEE ON FINANCE—BY ORDER, J. WATERS PARRISH,
SECRETARY

Senate Bill No. 365

AN ACT to add new Section 6A to Article 33A of the Annotated Code of Maryland (1967 Replacement Volume), title "Eminent Domain," to follow immediately after Section 6 thereof, requiring a condemnor in certain specified situations to pay to owner-occupants of single and two-family dwellings, in addition to fair market value, additional compensation not exceeding five thousand dollars (\$5,000.00)

Whereas, the undertaking of public projects in residential areas has forced numerous owner-occupants to relocate; and

Whereas, studies have revealed that in acquiring comparable decent, safe and sanitary dwellings, displaced persons, particularly persons of low and moderate income, have often been required to expend considerably more money than received from the condemning authority for their condemned property; and

Whereas, such owner-occupants have thereby sustained serious financial loss; and

Whereas, the financial loss suffered by such owner-occupants often has been due to the progressive deterioration of the neighborhoods in which they reside, rather than the condition of their own dwellings; and

Whereas, such owner-occupants have thus been hindered in acquiring decent, safe and sanitary dwellings; and

Whereas, it is in the public interest to facilitate owner-occupants of dwellings taken for public purposes to relocate themselves as owner-occupants of decent, safe and sanitary dwellings; and

Whereas, the payment of additional compensation to owner-occupants of dwellings taken for public purposes would facilitate the relocation of such persons as owner-occupants of decent, safe and sanitary dwellings.

SECTION 1. *Be it enacted by the General Assembly of Maryland, That new Section 6A be and it is hereby added to Article 33A of the Annotated Code of Maryland (1967 Replacement Volume), title "Eminent Domain," to follow immediately after Section 6 thereof and to read as follows :*

(1) In the taking of any property which is improved by a single or two family dwelling occupied by its owner, in addition to fair market value of his property, the owner-occupant shall be entitled to receive additional compensation equal to the difference, if any, between the average costs, within the same political subdivision, of a decent, safe and sanitary dwelling generally comparable in size to the dwelling being taken, and the fair market value of the dwelling being taken; provided that such additional compensation shall not exceed five thousand dollars (\$5,000,000) for any such property; and provided, further, that such additional compensation shall not be paid unless the owner of said building was the owner and occupant thereof for not less than one (1) year immediately prior to the effective date of legislative authority for the acquisition of such dwelling and continued as an owner-occupant until commencement of negotiations for the acquisition of properties in the project area and moved because of the threatened acquisition of said dwelling. For the purposes of this section, the leasehold owner of a property subject to a redeemable or irredeemable ground rent shall be considered to be the owner of the property.

(2) The appropriate condemning authority shall adopt rules and regulations for the implementation of the provisions of this section. Such rules and regulations may include a schedule containing a sliding scale correlating fair market values of dwellings to be acquired with specific amounts reasonably necessary to allow owner-occupants to acquire decent, safe and sanitary dwellings generally comparable in size to the dwellings being taken, as provided in this section.

SEC. 2. *And be it further enacted, That this Act shall take effect June 1, 1968.*

Mr. RAFSKY. I will be delighted to do that, and if we could have the opportunity to submit other statements at a later time, we would appreciate that as well.

Senator MUSKIE. That will be agreeable to the committee, and may I say I do appreciate your cooperation. I have just run out of my time this morning.

Mr. RAFSKY. Very happy to do so.

Senator MUSKIE. Thank you.

The committee is adjourned until tomorrow morning at 10 o'clock.

(Whereupon, at 12:05 p.m., the committee adjourned, to reconvene on Wednesday, May 15, 1968, at 10 a.m.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

WEDNESDAY, MAY 15, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 457, Old Senate Office Building, Senator Edmund S. Muskie (chairman), presiding.

Present: Senators Muskie, Democrat, of Maine, Baker, Republican, of Tennessee.

Mr. REUTTER. Thank you, Senator.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order. Our first witness this morning is Mr. John G. Reutter, president of the National Society of Professional Engineers. It is a pleasure to welcome you here again this morning.

TESTIMONY OF JOHN G. REUTTER, PRESIDENT, NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS, CONSULTING ENGINEERS COUNCIL; ACCOMPANIED BY BILLY T. SUMNER, REGIONAL VICE CHAIRMAN, PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE, NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS; AND JOHN FISHER-SMITH, CHAIRMAN, URBAN DESIGN COMMITTEE, AIA

Senator MUSKIE. I have to apologize for the condition of my voice; I have to apologize for my spring cold.

Mr. REUTTER. We are appearing here as a panel, three organizations. I represent a consulting council. The gentleman to my right, Mr. Sumner, represents the National Society of the Professional Engineers. And the architect on my left is John Fisher-Smith, chairman of the Urban Design Committee, American Institute of Architects.

Senator MUSKIE. And you each have prepared statements?

Mr. REUTTER. We each have separate testimony, that is correct. My statement will be first.

Mr. Chairman and members of the subcommittee: My name is John Reutter. I am president of John G. Reutter Associates, a civil-municipal-sanitary engineering firm located in Camden, N.J. I am registered both as a professional engineer and as a planner and I appear

before you today as president of the Consulting Engineers Council of the United States.

Until this year, our council has been in an awkward position with regard to intergovernmental cooperation legislation. The owners, principals, and associates of our more than 2,000 member firms have long felt the need for better identification and coordination of the many and complex programs being conducted by Federal agencies in cooperation with local governmental bodies. At the same time, our members have been concerned that the technical assistance sections of such proposals might open the door for Federal agencies to provide special or technical services in direct competition with private firms.

Thus, we have generally endorsed the intent and objectives of the intergovernmental cooperation philosophy, but have opposed the suggestion that Federal agencies be authorized to render services of a competitive nature to local governmental units which are oftentimes our clients.

We are pleased to note, however, that title III, section 302, of S. 698 attempts to assuage the concern of consulting engineers and others over the possibility of Federal competition. We particularly support the stipulation under this title, that recipients of special or technical assistance will be required to reimburse the Federal Government for all computable direct and overhead costs in connection with the performance of such services. Our members believe that communities, given the choice of purchasing services from public or private sources, will prefer to use local firms who are reasonably and expeditiously available through ordinary business channels.

We are, of course, assuming that the reference to "direct and overhead costs" includes all of the items set forth as costs in Bureau of the Budget Policy Memorandum A-76. In other words, local governments would reimburse the Federal Government for salaries, fringe benefits, materials, insurance, rent, Federal taxes, depreciation, utilities and similar standard expenses of any business operation. We believe that incorporation of all such costs is just and proper and that collection of same is in the interest of both the Congress and the American taxpayer.

We are further pleased by the proviso in title III, section 302, that the only special or technical services which may be provided to State and local units of government are those which have been approved by the Director of the Bureau of the Budget. While there is no indication of how such approval is to be obtained, we assume that the Bureau will issue guidelines which private industry will be given an opportunity to review and comment upon prior to adoption. This is implied in the reference to "rules and regulations (which) shall be consistent with and in furtherance of the Government's policy of relying upon the private enterprise system." We hope this statement of intent will serve to prevent any activity such as we have experienced in the past, wherein Federal agency engineering staffs have competed directly with private firms for both private and public engineering assignments.

Contradiction of the private enterprise philosophy is only one of several reasons why Government agency personnel should have no interest in duplicating services available from private sources. For example, there is pressing need for staff personnel to develop guidelines and procedures for improving administration and coordination of the various programs over which they have direct or related responsibility.

Even President Johnson has pointed out the need for eliminating unnecessary red tape in Federal grant-in-aid programs. As recently as last October, the President publicly noted that many Federal agencies are taking much too long to process applications filed by state and local governments.

Our council agrees. We think it is time that something be done to bring some order to the conduct of the various assistance programs, some of which are so ineptly handled that they have been cited by local public health officials as doing more harm than good. Legislation which once raised aspirations and aroused hopes of many citizens is now the source of grave disappointment.

In just the water-sewer field alone, hundreds (perhaps even thousands) of applications have been in process for periods in excess of half a year. Rules and procedures for handling applications are still being finalized and standardized more than 2 years after the programs have been implemented. Despite the knowledge that appropriated funds cannot possibly meet existing requests, local offices of some agencies continue to promote their respective programs and to solicit applications. Mayors and other local officials have termed the delays and constant procedural changes a "break of faith which produces frustration and impatience on the part of the very people the Government is trying to aid."

The Intergovernmental Cooperation Act, with its proposed coordination of policy in the administration of grants and loans for urban development, could be a valuable aid in correcting current difficulties. We particularly endorse the provisions of titles IV, V, and VI of S. 698 with regard to (1) establishment of rules and regulations for uniform evaluation and review of urban development programs, (2) regular congressional review of the process of ongoing or expiring programs, and (3) Presidential authority to consolidate overlapping and duplicative programs within the same functional areas.

In endorsing such review, however, we would like to suggest that the Congress and the executive branch establish a channel by which the comments and recommendations of applicants and their agents may be included as an integral part of program studies. This suggestion is prompted by the misleading content of the September 1967 interagency report to the President. That report, entitled "Reducing Federal Grant-in-Aid Processing Time," was prepared by a joint administrative task force comprised of representatives of various participating Federal agencies. In our opinion, the report is more a reflection of desired improvements which agencies hope to achieve, than it is a summary of specific accomplishments.

The President, on October 31, 1967, directed that certain of the improvements stipulated in the task force report be carried through. There is real question as to whether the President's directive has, in fact, received total compliance. As an example, the report calls for standard guide documents for engineers. These have not been forthcoming and, in view of the complexities of individual projects, probably should not be adopted except in a general form. In another instance, the report discusses elimination of repetitious information and requests for more data during preliminary review and rating processes. Yet communities which have already received grant clearance still suffer through time delays caused by Federal reinvestigation of certi-

fication of previously approved local finance officers who are bonded custodians of public funds and are subject to State audit. Even city or county attorneys need to be recertified on each and every application.

The interagency task report, under the section on "Results," notes that agencies are "revising internal processing procedures by eliminating technical review in Washington." The facts of the matter are that a number of agencies still insist upon review of contract forms, applications, or even construction plans by overloaded national staffs.

So as to insure a completely objective review of the extent to which the purposes and activities of the Federal grant-in-aid programs are being carried out, we would recommend that the proposed (in S. 698) reports by the special congressional committees, General Accounting Office and Advisory Commission on Intergovernmental Relations, be supplemented with reports from local officials and their representatives regarding administration and impact of programs as viewed by recipients. We believe a far more accurate picture may result.

In this connection, our council has been instrumental in bringing together construction, financing, engineering, planning, administrative, and other interests concerned with improving the various water-sewer grant-in-aid programs to States and municipalities. This group of 28 associations, now known as the "Advisory Council on Federal Water-Sewer Programs," has maintained close and continued liaison with an interagency committee comprised of representatives of the Department of Housing and Urban Development, the Economic Development Administration, the Farmers Home Administration, and the Federal Water Pollution Control Administration. Together, these two groups—one representing the public, the other representing the agencies—have been striving to develop new forms, standardize planning requirements, establish time limitations in processing, better define financial arrangements, tie down priority systems, speed up availability of accurate statistical information, and broaden systems compatibility. The success of this cooperation is reflected in a new standard form 101 as well as generalized terms and scope of services to be covered in three out of the four agencies' engineering agreements. We believe this relationship could very well serve as a guide for incorporating similar outside participation in reviews and studies which are recommended in S. 698.

Finally, our council is pleased to support section 203 of title II of the Intergovernmental Cooperation Act calling for State handling of Federal grant-in-aid funds. We believe that Federal aid can be better managed at the State level for no other reason than the fact that it eliminates an unnecessary, and generally remote, step in the sequence of events which must occur in the evaluation and approval of any application. Certainly it makes sense that Federal aid be channeled through the States, rather than direct to localities, when the States (1) are providing at least half of the non-Federal share of the funds, and (2) possess the appropriate administrative machinery, as they do in State departments of public health or departments of urban redevelopment, to handle such programs.

In summary, Consulting Engineers Council believes that a searching review of present Federal aid to local governments is badly needed and that further escalation of current methods and procedures can

only result in further waste of public funds, growth of bureaucracy, and a weakening of the importance of local government. S. 698 and related bills represent a comprehensive and sincere plan for reducing and overcoming such problems, and we are, therefore, pleased to extend to it our support and to recommend its adoption.

We greatly appreciate this opportunity to present our views on this very important subject.

We thank you.

**TESTIMONY OF BILLY T. SUMNER, REGIONAL VICE CHAIRMAN,
PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE, NATIONAL
SOCIETY OF PROFESSIONAL ENGINEERS**

Mr. SUMNER. Mr. Chairman and members of the subcommittee, I greatly appreciate this opportunity to present the views of the National Society of Professional Engineers on S. 698, the proposed Intergovernmental Cooperation Act.

As Mr. Reutter, my colleague, stated, my name is Billy T. Sumner. I am a professional engineer, registered in six States, and a partner in the consulting engineering and planning firm of Barge, Waggoner & Sumner, of Nashville, Tenn. I am vice chairman of the Professional Engineers in Private Practice Section of the National Society of Professional Engineers for the Southeastern region and also serve as chairman of the section's Government Relations Committee.

The National Society of Professional Engineers is a nonprofit organization composed of 53 State and territorial professional engineering societies with more than 500 chapters and over 66,000 members, all of whom are qualified under applicable State engineering registration laws. Our membership includes professional engineers engaged in virtually every specialized branch of engineering practice and type of employment—Government, education, industry, and private practice.

I would like to comment today on behalf of NSPE on the provisions of title III of S. 698 relating to specialized or technical services to state and local governments, upon request, on a reimbursable basis. "Specialized or technical services" are defined in section 108 of the bill to cover such a broad range of services that in the absence of clear language in the bill to the contrary, coupled with a clear expression of congressional intent in the legislative history, we would be seriously concerned that title III might be interpreted and applied to put Federal departments and agencies in direct competition with private firms and consultants already providing such services to state and local governments.

Happily, when this committee was considering similar provisions in the predecessor bill to S. 698 (S. 561 in the 89th Cong.) it was agreed by all concerned that the intent was not to place the Federal Government in competition with private firms and consultants, but simply to make available to state and local governments services which they otherwise would not be able to obtain.

As stated in the report of this committee on S. 561 (S. Rept. No. 538, 89th Cong., first sess.) :

* * * in light of recommendations made by the Budget Bureau, the Advisory Commission, and Mr. Paul H. Robbins, Executive Director of the National

Society of Professional Engineers, the Committee agreed to remove any ambiguities concerning the kind of services that would be provided * * * this was done in order to avoid the unfair competitive practices which consulting engineering, mapmaking, and photogrammetry firms have criticized. Extensive discussions with staff members of the Budget Bureau familiar with this problem produced the following clarifying language, which was added at the end of new Section 402:

Provided, however, That such services shall include only those which the head of the Federal agency concerned determines are not reasonably or expeditiously available through ordinary business channels.

The Committee believes that this amendment, along with the definition of such services found in section 106, Title I of the revised bill should correct any misconceptions concerning this section's scope and purpose.

(Report, p. 17).

Later in the report (p. 32), the committee elaborated further on the purpose of the provisions relating to "specialized or technical services" by stating, and again I quote:

The services authorized by this title * * * shall include only those which the head of the Federal agency concerned determines are not reasonably and expeditiously available through ordinary business channels. The purpose of this title is to make available to State and local governments only those services which agencies and departments * * * are uniquely able to perform * * * The language of this section makes it clear that the Federal Government, by the authorization of this title, and unless clearly authorized by statute, should not be placed in direct competition with private businesses which are normally capable of performing the needed services. * * *

Title III of S. 698, the pending bill, contains new language clarifying the intent that the authority to provide specialized or technical services is not to be used to provide services available from private firms and consultants. We believe this language should be effective in preventing unintended competition, and in some respects is better than the amendment added to S. 561, the original bill.

We are particularly pleased with the addition of new language explicitly referring to the Government's policy on relying on the private enterprise system. We do urge, however, that language similar to that already quoted from the Committee's report on S. 561, the predecessor bill, be incorporated in any report on S. 698, the pending bill, to assure that it is crystal clear the basic intent of title III remains unchanged, even though some changes have been made in the language of the bill itself.

Regarding title IV of S. 698, we support the policy declarations and requirements set forth in section 401 relating to the sound and orderly development of urban communities—particularly the requirement that rules and regulations established by the President governing the formulation, evaluation and review of federally aided urban facilities and projects shall provide for full consideration of the concurrent achievement of the eight objectives set forth in subsection 401(a).

We believe it is highly important, however, that the intent behind this requirement be spelled out and clarified in any committee report on the bill, to assure that its purposes will be accomplished.

Practically all members of the various design professions, we feel certain, would readily agree that effective accomplishment of the eight objectives enumerated in subsection 401(a)—ranging from appropriate and use to high standards of design—necessarily involves engineering and engineering decisions. Thus, implicit in subsection 401(a) is the requirement that engineers, as well as other design pro-

fessions and other appropriate disciplines, be brought into the urban planning process at the outset, to take part in the formulation, as well as the implementation, of programs and plans relating to federally aided urban development.

Since in all too many cases, in the past, consideration of the engineering aspects of urban projects has been overlooked or ignored in the formulation of programs and plans, we ask the Congress intent that all appropriate disciplines, including engineering, be brought into the urban planning process at the outset be spelled out as clearly as possible throughout the legislative history of S. 698.

In this regard, I would like to submit for the record a "Guide to Professional Collaboration in Environmental Design," which has been jointly developed and adopted by the three societies represented here today—NSPE, the Consulting Engineers Council and the American Institute of Architects, together with the American Institute of Consulting Engineers, the American Institute of Planners, the American Society of Civil Engineers, and the American Society of Landscape Architects. The guide emphasizes the need and desirability for collaboration among all environmental design professionals, and sets forth guidelines and tenets aimed at promoting and facilitating cooperation and teamwork among professionals who deal with research, planning, design and construction of man's living environment. We believe the guide will be useful to the committee in the course of its current hearings, and in developing a report on the comprehensive planning provisions of S. 698.

Mr. Chairman, we sincerely appreciate this opportunity to present our views, and will be happy to cooperate with the committee in every way possible.

(The attachment to Mr. Sumner's statement follows:)

PROFESSIONAL COLLABORATION IN ENVIRONMENTAL DESIGN

(This Guide has been approved and adopted by the American Institute of Architects, the American Institute of Consulting Engineers, the American Institute of Planners, the American Society of Civil Engineers, the American Society of Landscape Architects, the Consulting Engineers Council of the United States and the National Society of Professional Engineers)

PREFACE

In the interest of promoting the public health, safety and general welfare, national organizations representing members of the design professions who deal with research, planning, design and construction of man's living environment have jointly prepared this guide to professional collaboration in environmental design.

There is a continuing need for a better understanding of the services offered by those professions concerned with the conception, analysis and design of planning and construction projects. Uncertainty often exists in the minds of both the public and the design professions as to the functions performed and the areas of service provided by these professions. All of them entail exhaustive study and research, demonstrated talent in planning and design, and devotion and integrity in guarding the public welfare and the client's interest. To delineate the various design functions and areas of practice precisely is impractical, as they may overlap to a degree.

However, with the complexity and magnitude of present-day buildings and man's living environment, the merging of design services through collaboration among all environmental design professionals is required to meet advancing environmental standards, to solve the complicated design problems of contemporary projects, and to produce unified and harmonious results. Such collaboration

and teamwork throughout the planning and design cycle are supported wholeheartedly by environmental design professionals in the interest of their clients and the public.

It should be noted that, since registration is not presently required of all design professionals in all states, the references to professional licensing, registration, registration laws or legal qualifications made in this statement are applicable to professionals whose registration is required in state laws.

TENETS OF THE COLLABORATING DESIGN PROFESSIONS

The environmental design professions include Architects, Engineers, Landscape Architects and Planners. Members of these professions adhere to the following tenets:

- (1) They uphold the dignity and advance the progress of other design professions by exchanging information and experience.
- (2) They familiarize themselves with the registration laws of the other design professions and adhere to the spirit as well as the letter of those laws.
- (3) They recognize, whenever a project involves skills practiced by several professions, that close collaboration is desirable between them and should begin at the very earliest stage of research, analysis and design, and at that time the responsibilities of the collaborating professions should be clarified and established.
- (4) They perform their services in accordance with the standards of conduct and code of ethics of their individual professions, and each respects the standards and code of the other professions.
- (5) They respect the professional reputation, prospects or business of all their colleagues in the design professions.
- (6) They do not supplant another design professional after definite steps have been taken toward his employment whether as principal or as collaborator.
- (7) They do not engage in competitive bidding with another design professional on the basis of professional charges.
- (8) They do not accept a commission on a contingency basis as a device for obtaining work.
- (9) They will not accept a commission on which another design professional has been engaged, unless his connection with the work has been terminated.
- (10) They do not offer the services of another professional as a collaborator without his consent.
- (11) They do not review the work of another design professional except with his knowledge.
- (12) They do not alter or copy reports, drawings or specifications prepared and identified by another design professional, whether or not bearing his seal, without his knowledge and consent.
- (13) They give due public recognition to the work performed by collaborating design professionals.

Collaborative service contracts

The combined talents of collaborating design professionals and their coordination are required on many projects.

Ordinarily the client's interests are best served in the research, analysis and design of a project when the client has a single contract with a prime professional who is responsible for direction of the work and for providing through collaboration the specialized services that may be needed. This makes available to the client all the advantages of specialization and at the same time centralizes responsibility. It is then up to the prime professional to see that collaboration is initiated at the earliest possible stage and carried on throughout the life of the project.

It is recognized that some long-range planning projects requiring continuity and some projects with a prolonged construction period may be better handled by separate contracts between the client and individual professionals under the general guidance of a coordinating professional.

Selection of prime professional

It is the responsibility of the client to select and designate the prime professional and to approve the selection of the collaborating professionals for his project. When the major portion of a project is in the recognized category of a particular design profession, a member of that profession should be the prime professional. The prime professional's design ability, professional reputation,

demonstrated competence, practical efficiency, business capacity and integrity, good judgment and ability to obtain the cooperation of those involved in a project will be the primary considerations in his appointment.

Coordination of the work

The prime professional is responsible for the design of the project. He will be the project coordinator and will have the responsibility for selecting the collaborators with the consent of the client.

The education, experience and registration (as prescribed by state law) of each of the collaborators qualify him for design services of particular type and scope. Each design professional is cognizant of the training and experience required for competency in the design professions, and does not render his services in those areas in which his qualifications are not established.

Contractual responsibilities

The allocation of professional responsibilities is determined in joint conference between the prime professional and the collaborating professionals prior to the design work to insure proper consideration of all elements.

When the collaborative design services are performed under a single contract, the areas of responsibility and the division of the fee between the collaborators are determined by negotiation between the prime professional and the various collaborators, and are agreed upon prior to the start of design work.

When separate contracts between the client and the various collaborators are executed, all such contracts should include a clear statement of areas of responsibility and work, should state which of the parties is to be the project coordinator and define his authority.

Professional firms

Many firms will include in their organizations more than one of the usual specializations of the environmental design professions. Such firms may perform more than one function, or may perform all design for an entire project, to the extent they are legally qualified. Two or more professionals or professional firms may form a "joint venture" for the purpose of rendering the client a complete design service.

SELECTION AND COMPENSATION OF ENVIRONMENTAL DESIGN PROFESSIONALS

Selection basis

Environmental design professionals furnish the creative talent necessary to bring into realization the client's projects. The environmental design professions are learned professions requiring of their members sound technical training, broad experience, personal ability, honesty and integrity. The selection of design professionals by an evaluation of these qualities is the basis for comparison of their services.

Many projects require the teamwork of several collaborators. The design team provides management, research, planning, design, drafting, technical and nonprofessional personnel and the facilities needed. It is essential that the client understand that design professionals have expenses considerably greater than direct salaries. Adequate compensation is necessary for them to provide the scope and quality of services that the client desires and has a right to expect.

Members of the design professions will not solicit or submit proposals for professional services, including supporting services, on the basis of competitive bidding. Such competition by design professionals for employment on the basis of professional fees or charges is defined as: the formal or informal submission, or receipt, of verbal or written estimates of cost or proposals in terms of dollars, man-days of work required, percentage of construction cost, or any other measures of compensation whereby the prospective client may compare services on a price basis prior to the time that one individual, firm or organization has been selected for negotiation.

Selection policies

The responsible member of the professional firm being considered by the client for a particular project, having established competency to perform the necessary services, must be legally qualified to practice as prescribed in the state in which the services are required, and must have adequate recent experience in responsible charge of the professional disciplines involved. The client

is referred to the appropriate professional society for a definition of "responsible charge" if he is not familiar with the requirements.

Every firm being considered should be requested to provide complete information on its qualifications. The information should include the personal qualifications of principals and key personnel, current work load and a record of recent projects. Similar information should be supplied for the collaborators.

Selection procedures

In selecting the prime professional, the client should proceed as follows:

- 1) Prepare a description of the proposed project, the purpose to be served and any other pertinent factors for transmittal to design professionals.
- 2) Request data on the qualifications of a reasonable number of professionals (and their proposed major collaborators) who appear capable of meeting the requirements of the project, and review their qualifications and experience.
- 3) Arrange personal interviews, preferably in the office of each professional, to assure mutual understanding of the contemplated project and the capabilities of the firm.
- 4) Investigate each professional's work, if desired, by requesting a visit to one or more of his projects, or an interview with the owners and possibly others associated with the projects. Where appropriate, this procedure may be extended to some or all of the major collaborators.
- 5) Select the preferred prime professional and reach an agreement on mutually satisfactory contract terms, including compensation based on the value of the services to be performed.
- 6) If a satisfactory agreement cannot be concluded with the preferred prime professional, the client terminates the negotiation and repeats the process of review and negotiation with the next party of his choice.

Compensation

Compensation for professional services may be established by a variety of methods. Professional societies have issued manuals describing these methods, and the client may wish to refer to these manuals for guidance. Among the more common methods, or combinations thereof, are the following:

- 1) Percentage of construction
- 2) Lump sum
- 3) Cost plus a fixed amount or percentage
- 4) Salary cost times a factor
- 5) Per diem
- 6) Retainer fee

The type and size of the project, the scope of the professional services required, the area in which the design professional is located, and the area in which the work is to be performed, all have a bearing on the cost of professional services. Quality is the only true measure of the services offered by the professional.

Functions of the coordinator

Where professional services are performed under a single contract between client and prime professional, the prime professional acts as coordinator. In addition to his usual services as a design professional, it is his duty and responsibility to:

- 1) Negotiate the scope of professional services, compensation and terms of payment with each independent collaborator.
- 2) Prepare a time schedule based upon the client's program for the project in agreement with the client and collaborators.
- 3) Obtain from the client, and furnish as needed to the collaborators, all surveys, subsurface and soil mechanics investigations and reports, and other necessary data.
- 4) Arrange for all project conferences between the client and design collaborators, and maintain liaison continuity with them on all project matters.
- 5) Coordinate and transmit all recommendations received from and made to the client.
- 6) Assume final responsibility for all decisions required by the agreement with the client for the services to be rendered.
- 7) Establish and coordinate design standards with concurrence of the collaborators and, where pertinent, coordinate statements of probable construction cost prepared by them.

8) Where construction is involved, it is also the duty and responsibility of the coordinator to:

a) Coordinate the preparation and arrange for the printing, publication and distribution of the construction contract documents.

b) Advise the client of the construction contract procedure, and with the advice of appropriate collaborators, assist in compiling a list of bidders or aid in negotiations with selected contractors.

c) Coordinate the analysis of bids and submit to the client recommendations as to award.

d) Coordinate the general administration of the construction contracts among the collaborators.

e) Prepare a completion report with the assistance of the collaborators and recommend as to acceptance of the work.

This document is subject to periodic review by the participating professional societies for the purpose of keeping it current with respect to professional practice. Suggested amendments will be considered collaboratively in connection with future revised editions of this guide.

Senator MUSKIE. Thank you, Mr. Sumner. Now Mr. John Fisher-Smith.

TESTIMONY OF JOHN FISHER-SMITH, CHAIRMAN, URBAN DESIGN COMMITTEE, AMERICAN INSTITUTE OF ARCHITECTS

Mr. FISHER-SMITH. Thank you, Mr. Chairman.

Members of the subcommittee, my name is John Fisher-Smith. I am a practicing architect in San Francisco, Calif., and chairman of the American Institute of Architects' committee on Urban Design. Today it is my privilege to appear on behalf of the AIA—a professional society representing 22,000 licensed architects—to discuss certain provisions of S. 698, the Intergovernmental Cooperation Act.

SPECIALIZED OR TECHNICAL SERVICES

In 1966, when legislation (H.R. 17955) similar to S. 698 was pending before the House Government Operations Committee, the institute, along with several national engineering societies, expressed its opposition to a provision authorizing Federal agencies to provide specialized or technical services to State or local governments. We recognized the objective intended to be accomplished, but we saw an unwelcome dividend in the anticipated infringement of the interests of private practitioners. Accordingly, we recommended that language be added to the legislation to permit the Government to supply such specialized or technical services only when the agency head determines such services are not reasonably and expeditiously available through ordinary business channels. We are pleased to note that the bill before this subcommittee reflects such language. In the opinion of the AIA, S. 698 now offers satisfactory safeguards to private practitioners engaged in offering specialized or technical services.

To further clarify our position, we should like to encourage high standards of professional conduct and expertise in government since only by having wise and talented advisers can Government aspire to high standards of performance in the planning of its programs. We believe, however, that the specialized or technical services of architects and other design professionals employed by the Government should be serving in the capacity of adviser, policymakers, and decision-makers to make Government a wise client.

EVALUATING URBAN DEVELOPMENT PROGRAMS

Title IV of the bill requires the President to establish rules and regulations to be applied in formulating, evaluating, and reviewing urban development programs. Such rules and regulations are to incorporate eight specific objectives including appropriate land use, conservation of natural resources, balanced transportation systems, and concern for high standards of design.

We strongly endorse this section of the legislation. It is most important that federally assisted urban development be formulated and administered in accordance with guidelines that relate to the overall goal of developing sound, healthy urban communities. Such a broad concern for community values is highly commendable.

While the language of the bill is excellent, we wonder if a citizen can do anything about a transportation system that is not balanced, a highway that destroys a unique historical area, or a public housing project that is poorly designed.

In our opinion clear, national urban and environmental goals must be developed. Without such goals, all value and judgment phrases are not as meaningful as they might be because there is no standard to measure accomplishment. Furthermore, it is one thing to consider developing a balanced transportation system and quite another to require it. As contemporary events indicate, wishful thinking about economic, social, and cultural development does not solve the problems of the poor or homeless. We advocate that the objectives stated in title IV be mandatory requirements. This type of commitment and resolve is necessary for sound urban development.

In 1949 Congress established the national housing goal of a decent home and suitable living environment for every American. With nearly 20 years of experience with Federal programs ostensibly designed to fulfill that goal it is possible to measure national performance and to take corrective action.

Many other areas—such as land use, open space in congested urban areas, urban development, to mention only a few—require similar explicit statements of national purpose. We do not suggest that this legislation be amended to state such goals. But we do believe that intergovernmental cooperation will be more meaningful if all levels of government were working together to accomplish specific objectives. Hopefully, the rules and regulations promulgated by the President will be a step in this direction, and will provide the basis for further congressional inquiry.

FEDERAL URBAN LAND USE

Title VIII is designed to provide harmonious intergovernmental relations by requiring Federal land transactions in urban areas to be consistent with local planning, zoning and land use procedures. We believe that if this title is enacted it will, indeed, foster good relations between Federal and State or local governments.

But we also believe the acquisition, use and disposal of Federal land could serve another important purpose; namely, to promote sound planning, zoning, and land use policy. It should be the obligation of the Federal Government to make such transactions in accordance with the planning and land use objectives of local government only when

those local objectives are compatible with the development of the whole area. If the objectives of the unit of local government are incompatible with the area development then the Federal Government should encourage perpetuation of such policies.

Accordingly, we suggest the language of section 802 be amended as follows:

DECLARATION OF PURPOSE AND POLICY

SECTION 802. It is the purpose of this title to promote more harmonious inter-governmental relations and sound planning, zoning and land use practices by prescribing uniform policies and procedures whereby the Administration shall require, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall be consistent with and promote sound zoning and land-use practices and shall be made to the greatest extent in accordance with sound planning and development objectives of the local governments and local planning agencies concerned.

Furthermore, we believe the Federal Government should require comprehensive planning as a condition precedent to the disposal of Federal real property, rather than leaving such planning to the discretion of local government as provided by section 803. In our opinion, adding this requirement may spark planning activity where none was contemplated by local officials.

CHANGING TIMES

In conclusion, we wish to note our great respect for the Federal system, and for the autonomy of governmental bodies within their spheres of jurisdiction. But we think the changing times may require greater experimentation into specialized governmental units. Interstate compacts, such as the one being worked out between California and Nevada for the Lake Tahoe area, regional authorities, and the like might prove to be more effective means of marshaling resources to combat pollution, to accomplish highway planning, and to initiate effective land use policies than the elaborate structure of local governmental institutions now coping with such problems. We suggest that this is an area requiring study which might be generated by this distinguished subcommittee.

We appreciate very much the opportunity afforded to appear before this committee. If there are any questions we will do our best to answer them.

Thank you.

Senator MUSKIE. Thank you very much.

I note that you all expressed in the opening portions of your statements the problem of competition raised by the issue of the specialized and technical services. I am happy that apparently we have overcome the bulk of your objections, if not all of them, in the language of the bill. I gather that you agree on that point.

Mr. REUTTER. Yes, sir.

Senator MUSKIE. Mr. Fisher-Smith, with respect to your proposed language for section 802, is it your intent that such language give the Federal Government veto power in properly planning the objectives which it did not consider sound?

Mr. FISHER-SMITH. No, sir, I do not believe that is possible; rather I believe that there are instances where the Federal Government has been the custodian of lands and this custodianship has been beneficial

to the development of the country or the area as a whole. For example, there are green headlands of the Golden Gate in San Francisco where Presidio is on the north end of San Francisco Peninsula and has been an Army base ever since this country was taken over from the Spanish, and Fort Baker, Fort Concrite, and Fort Berry have been on the southern tip of Marin Peninsula for many years. And as a conservationist, I believe that this is a good thing. The Federal Government has served as a fine custodian.

There has recently been talk of releasing some of these lands. At first there were many people who said we need these lands for private development, for houses, and for apartments and dwellings. Other say the areas should remain as green headlands because they serve the entire area. Finally ways were worked out so that the State could acquire one of these areas. I believe Concrite, has now become a State park. Due process was followed. There was a chance for debate before the Government undertook specific action.

Senator MUSKIE. So what you are really urging there is a two-way dialog designed to aim at sounder policy and not a mandatory authority on the part of the Federal Government at all.

Mr. FISHER-SMITH. Correct.

Furthermore, I am urging that the Federal Government not release such lands until it is certain that the public interest has been satisfied. If there is sufficient dialog, I think that objectives can be fulfilled.

Senator MUSKIE. Any questions?

Senator BAKER. The question the chairman puts is basic to virtually every categorical grant-in-aid program or other Federal program that is undertaken; that is, how do we go about implementing the question of soundness. I wonder if you would agree that we are dealing here with the question that is more delicate than just the question of whether the Government can or cannot decide if a given project or given transaction is in the public interest. Rather, we are dealing with the range of choice or criteria by which this is judged. I very much doubt, for example, that anyone would want to completely abdicate the concern of the Government from other public welfare, and on the other hand, I very much doubt if anyone would want the professional engineers of this country to have their judgment overturned by administrative agencies. I wonder what suggestion you would have on the best policy in this situation for fairness.

Mr. FISHER-SMITH. I believe it was the intent of our statement, that if the objectives of the unit of local government are incompatible with the objectives for the area of development, this would be a definition of unsound development.

I am not satisfied, however, that the words "unsound development" are adequate.

In answer to your question, I believe that sound planning and zoning and other land use practices result from a comprehensive planning process involving many disciplines, and these must cover a sufficient area or region to be pertinent. I think the problem that we are talking about in the disposition of public lands would be, for instance, a large base containing a great deal of area in a small rural community where the community lacks the technical expertise and sophistication to cope with such a problem and where the pressures, for some development or some industrial use may be very great and may be backed by a great deal of technical expertise.

One way to avoid this inequity would be to bring in the State or bring in an area form of limited government (if there is one in the area) to assist in evaluating what would be sound development of the property.

Senator BAKER. I think that is further insight on how you would emulate that concept.

Senator MUSKIE. Gentlemen, you have made several other suggestions in your statements.

Did you want to make a comment, Mr. Sumner?

Mr. SUMNER. Yes; please, on the matter that Mr. Fisher-Smith has pointed out.

The staffing of these agencies by competent professionals of the widest possible experience and training, with adequate remuneration so that they would be attracted to this kind of thing, will do a lot to implement. Of course, you cannot legislate taste, or like some of our laws say, that it be one way. It is very difficult.

But, by the language that has been suggested here, and I am sure other terms could be developed, an emphasis can be placed on quality of design and thoroughness of design and I think that agencies will pick up and develop ways of implementing. I think the Congress makes it abundantly clear that they intend for much more attention to be given to good design. I think it will be implemented. I think there are other examples. I cannot recall any to mind now, where just a phrase has been picked out of law and developed into a whole field of endeavor.

Senator BAKER. That reminds me of the traditional classic definition of a reasonably prudent man, which I am sure was a lion's choice of language and then just passed over in the system of jurisprudence and now occupies fully 50 percent of the decision law of this country and its predecessor. So, you are right, it does grow out. It is a question of interpretation and thus the quality of taste and implementation of substantive matters cannot be dealt with accurately in legislative language.

I want to thank both of you for telling me how you would view the actual implementation of a "sound" project under these circumstances without running the risk that "sound" might be substituted for "standard."

Mr. FISHER-SMITH. I have a remark, if I may.

In cases where the stakes are very high, it may be necessary for the Federal Government to request that the State or area of government provide a comprehensive study. By comprehensive I mean a study which takes into account the various needs of the area rather than the needs for one specific purpose or use. Such study would dramatize what the alternatives might be so that public dialog and discussion could be brought into the open and possibly offset particular special-interest points of view which maybe have been expressed more fully at the time that the proposed disposition was announced.

Senator BAKER. Mr. Chairman, may I make this additional remark in this connection. I have what is not typically an unsenatorial attitude in this respect. In other words, I have some predetermined idea as to what the answer to the question I just put might be, and I felt that the essence of the problem is consideration of new, fresh, resourceful thought in this general field of planning and dedication of land use and facilities. And I think that wholly aside from the economic and profes-

sional considerations, the assurance that there will be a vigorous group of planning, design, and construction architects and engineers and planners outside of the scope of governmental activity on a private basis and the assurance that we do not staff up the administrative agency with their own in-house facilities to do this planning and this design and this construction is probably the best assurance that we can have that we do not end up with a "standard" instead of a "sound" approach to these problems.

So, you see, I have found a way to pay due tribute to the professionals as well.

Senator MUSKIE. Mr. Reutter, I note the criticism of the water and sewer grant-in-aid program on page 3 of your statement. The first full paragraph on that page refers to the fact that rules and procedures for handling applications are still being finalized and standardized more than 2 years after the programs have been implemented, and that appropriated funds cannot possibly meet existing requests, while local offices of some agencies continue to promote their respective programs and to solicit applications. I think that second criticism reflects the dilemma faced by these agencies. If you do not have pipelines filled with applications, then you reduce the pressure on the part of the Congress to provide the appropriations. Secondly, if the community does not get their applications in the pipeline, then it is not in a position to compete for whatever funds there are. It is a very unsatisfactory situation, not only for the Federal agencies, but also for the local communities. And I suppose that there is enough blame to pass around to everyone, including Congress, or it is one of those almost unavoidable situations that you have got to live with as best you can. I think that a great deal of your criticism is attributable to this appropriations logrolling.

But, I am also interested in getting whatever specifics you have on this matter of rules and procedures.

Mr. REUTTER. This is true. Various agencies have different rules and different procedures. My own firm has two projects which have been some 4 years in the mill. One of these is probably going to be another 3 or 4 years, but the other is coming to a head and will be settled out within the next 30 days. One of the reasons for all the delay is that rules and procedures were changed continually by the agencies involved.

As an example of changes, the Farmers Home Administration has an engineering contract form which was pretty much defined, and yet some of the FHA regional offices are now inserting changes that were not in the previous document and were never agreed to by the societies which discussed it with the Farmers Home Administration administrative heads here in Washington.

Senator MUSKIE. Are you making reference to the Aiken law here?

Mr. REUTTER. Yes; that is correct.

Senator MUSKIE. The difficulty then goes back again to Congress. We have got five different Departments concerned in the water-sewer field, and Agriculture is one of them.

Mr. REUTTER. That is correct.

Senator MUSKIE. And Interior is another.

I think it is quite clear that we have to move for consolidation of a lot of these programs, but what I was particularly concerned with was

whether you had something different than that in mind in criticizing the failure to standardize the rules of procedure?

Mr. REUTTER. Well, the different agencies all have different procedures and different regulations.

Senator MUSKIE. That was your point?

Mr. REUTTER. Yes; and sometimes the rules and regulations of procedure change from the beginning of a project to the end because it takes some 2, 3, 4 years for a project to come to a culmination.

Senator MUSKIE. Because of legislation that has been here in Congress, we have been bringing out new rules and regulations over the last few years. I suppose that has had some impact.

Mr. REUTTER. Perhaps, but we believe there would be terrific improvement if related programs could be consolidated in one department responsible for handling funds for grants-in-aid for water-sewer projects.

Senator MUSKIE. All we have to do is convince the Congress.

Senator BAKER. Mr. Chairman, if I may add something to that dialog, I have generally agreed with the witness' observations and your implication that there is a great deal to be gained by the consolidation of agency functions for a specific field.

However, I wonder if there is not something also to be said once again in this business about balancing for the techniques and the difference in requirements for different circumstances that are entailed.

For instance, in a very high-density system, and in a very rural system, I wonder if we might not lose sight of the subtle requirements of each if there is not an effort to totally consolidate with consideration implementation of these programs among agencies.

Mr. REUTTER. This is true, but the State department of health in each State, which in most cases is the agency handling the pollution problem, could—and do—control this. It is true that there are different procedures and different requirements for rural and for urban, but the department of health could control the situation as to what the requirements would be in a rural and what they would be in an urban situation.

Senator BAKER. I think we are really concerned more with establishment of priorities for participation of available resources, rural versus urban, than we are with, for instance, the form of contract for the engineer or the quality of the pipe or the wall thickness in the construction.

Mr. REUTTER. This is true. But, is it not a fact that the State department of health, on the scene, has the complete records of various communities and would be in a better position to determine what respective priorities would be?

Senator BAKER. I am not sure, and that is why I inquire. But, as I say, there are mixed equities in these considerations. I reiterate that I feel, as I believe the chairman feels, that there are economic advantages to consolidation, but I would hate to see that consolidation result in substantial elimination for the opportunity of either urban or rural or midpopulation areas to receive their particular attention and their requirements to meet their particular special circumstances.

Senator MUSKIE. Well, gentlemen, thank you very much for your testimony. Your professions are very much a part of our concern, and I hope that we have a little marriage between the private sector and the public sector.

Mr. REUTTER Thank you, sir.

Senator MUSKIE. Our next witness this morning is Mr. Matt Triggs, legislative director of the American Farm Bureau Federation.

**TESTIMONY OF MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR,
AMERICAN FARM BUREAU FEDERATION**

Mr. TRIGGS. Good morning, Mr. Chairman, and Senator Baker. It is a pleasure to appear before the subcommittee once again.

The American Farm Bureau Federation welcomes the opportunity to present our views to the bill.

This bill contains many provisions of no direct significance to farmers or with respect to which we have no policy position.

We will limit our testimony to the question of relocation payments in title VIII and to the uniform land acquisition policy in title IX.

At the last annual meeting of the American Farm Bureau Federation, the official voting delegates of the member State farm bureaus approved the following policy position :

Federal land acquisition statutes should be revised to provide more equitable severance damage compensation and adequate resettlement costs.

The appraised value * * * should be made available to the property owner during the initial phase of negotiation for purchase.

Individual private parties * * * often find that their efforts to seek relief in the Federal Courts seriously delay equitable settlement and are often exceedingly expensive. We support establishment of a civilian Review Board, independent of government agencies, to which property owners could appeal condemnation decisions before proceeding in the Courts.

TITLE VIII, RELOCATION PAYMENTS

We support the provisions of section 801-806 inclusive, relating to relocation allowances to landowners whose land is acquired for a Federal purpose.

We believe the amounts proposed are reasonable, and certainly not excessive and provide no more than equitable treatment to those required to move as a result of Federal land acquisition.

LEGISLATION TO SO PROVIDE IS LONG OVERDUE

We suggest for the consideration of the committee that the following concept be added to the purpose of the act at line 6, section 801 (p. 33) and at line 22, section 805(a) (1), (p. 41) :

* * * and to so far as practical leave such persons not worse off economically than they were before being displaced..

We understand that section 802(a) would be applicable to farmers as to other landowners.

We raise the question as to whether or not farmers would be eligible for a relocation allowance under section 802(b). For example, a farmer may own a fruit or vegetable packing shed, or a cotton gin, or a grain dryer, or a livestock feeding yard, or storage or processing facilities which may be taken as a result of a Federal program. We understand that if he offers "services to the public" that under the definition of a business in section 114 that he would be eligible under section 802(b). But in many cases the farmer's costs associated with the taking

of his property would not be substantially different whether he provides a service to the public or handles only his own produce. It would appear the treatment provided should be comparable.

We understand that a farmer who discontinues a farm operation as the result of the taking is eligible for a relocation allowance under section 802(d) if the remainder property is no longer an economic unit; and that if his dwelling is taken he is also eligible for a relocation allowance under section 802(c). If this is not clear we would suggest that the matter be clarified by the legislative history.

We should note in this connection that a farmer who is forced to discontinue a farm operation is frequently faced with substantial but difficult to determine costs. He may have to sell his machinery and equipment at a loss because they are not adaptable to the farm he has acquired, or because he has not been able to locate another farm suitable for his purposes and his finances. His new farm may be located at a considerable distance from the farm from which he is dispossessed, thus necessitating the development of new marketing outlets. He may have to sell his stocks or grain, or breeding or feeding livestock at "forced sale." His operations for a year may be disrupted because he is unable to acquire a farm prior to planting time.

In some cases he may lose a crop or not plant one on the farm from which he is being dispossessed, because negotiations are underway and the time of settlement uncertain. Since average prices of farmland have been increasing 6 to 8 percent in each of recent years, if the farmer is unable to locate a replacement farm promptly, the amount received for compensation may be inadequate to purchase a comparable farm.

These costs are separate and distinct from those involved in moving from one dwelling to another.

We understand that an elderly or handicapped farmer who decided not to continue farming when his farm is taken would be eligible for the allowance provided by section 802(e).

ON UNIFORM LAND ACQUISITION POLICY

We strongly endorse the provisions of title IX relating to land acquisition procedures.

Few activities of Federal agencies have created more ill-feeling among farmers than the land acquisition practices of some agencies.

The factual situation reported by the House Committee on Public Works "Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in Federal and Federally Assisted Programs," Committee Print No. 31, 88th Congress, reflects an amazing and, in our view, intolerable situation.

The committee report indicates that in 34,422 purchases by Defense Department agencies, the agency's initial offering was less than the agency-approved appraisal in 24,877 cases, and property was actually purchased for less than the approved appraisal value in 7,897 cases.

The report further indicates that, in 10,296 purchases by Interior Department agencies, less than the appraised value was offered in 864 cases and less than the appraised value was paid in 653 cases.

It appears to us that title IX has been drafted very carefully, and if enacted will accomplish the desired purposes as set forth in section 901(a).

We recommend that there be included in the guiding policies in section 901(a) the following:

The head of a Federal agency should so far as practical endeavor to so administer this Title that persons whose land is acquired shall not be worse off economically than they were before the land is acquired.

We also recommend for the consideration of the committee that at the end of line 2, page 50, the words "and shall be provided a copy of the appraiser's report" be added.

In view of the tremendous disparity of bargaining power between the Federal Government and a small landowner, it does not appear to us that the Federal Government should deal with its citizens "at arms length" but should make such information available to citizens as may assist them to reach a sound conclusion concerning the alternatives available to them.

It would appear that this would help, that is, providing the owner a copy of the report, to accomplish the objectives of title IX to further "amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal agencies, and to promote public confidence in Federal land acquisition practices . . ."

As indicated in our above quoted policy statement, we favor the establishment of an independent review board to give consideration to the amount of compensation to be awarded a landowner.

No matter how carefully a statute or regulations to implement a statute are drawn, it is not possible to eliminate a substantial measure of personal judgment in application of such statute or regulations. It would appear that such determinations may be made most objectively by an independent body not identified with the specific project. We believe that the creation of an independent review board would result in a substantial contribution to accomplishing the objectives of the Title that is to encourage the acquisition of real property by amical agreement with owners, (2) to assure consistent treatment, and (3) to promote public confidence in Federal land acquisition practices.

We appreciate the fact that the committee is giving such careful consideration to this important issue and thank the committee for the opportunity to present our views.

Senator MUSKIE. Thank you very much, Mr. Triggs, for your thoughtful and helpful statement. It contains no suggestions for the compensation of the displaced farmer in section 802(d). At least I do not recall that you did.

Mr. TRIGGS. We did in the fourth paragraph on page 2, 802(d). We understand that a farmer who discontinues a farm operation as a result of the taking, is eligible for a relocation payment under section 802(d).

Senator MUSKIE. And you think that section 802(d) is adequate?

Mr. TRIGGS. Well, let me say it would be a vast improvement. There would still be cases where, for reasons peculiar to the economic situation of a particular farmer, that he still would be worse off as a result of the payment than before the land was taken, and, therefore, we would hope that the concept that the landowner should not be worse off than before the taking would be incorporated in the language of the bill; recognizing that it will not correct every situation either, but that it will give a statutory guidance to the President in developing the regulations under section 802(a) and to otherwise guide agencies in the administration of the act.

Senator MUSKIE. You understand that the technique of the bill is represented by section 802(a) and section 802(d) ?

Mr. TRIGGS. Yes.

Senator MUSKIE. He can get the full relocation cost to the extent that his claim is fair and reasonable, but in lieu of proving the actual cost he can accept \$1,000 under section 802(d). You understand that ? For that reason, did you suggest the language that you proposed ; is that right ?

Mr. TRIGGS. Well, yes. We think that this concept to leave persons not worse off economically ought to be part of the statutory direction to the President, actually, the Bureau of the Budget, of course, in drafting the regulations under section 802(a).

Senator MUSKIE. I think that neither Senator Baker nor I would quarrel with that concept. I think the way we phrase it is that anyone who is displaced by Government programs ought to be made whole.

Mr. TRIGGS. The same principle.

Senator MUSKIE. But, it is one thing to agree with a concept and another thing to implement it sometimes, and I do appreciate your suggestions this morning.

Senator Baker ?

Senator BAKER. I have no questions, Mr. Chairman, and I think that it is a good statement, and well presented.

Mr. TRIGGS. Thank you, Senator.

Senator MUSKIE. Our next witness this morning is Joseph L. Miller, legislative representative of the National Park Association.

Mr. Miller.

TESTIMONY OF JOSEPH L. MILLER, LEGISLATIVE REPRESENTATIVE, NATIONAL PARKING ASSOCIATION

Mr. MILLER. Mr. Chairman, you are seeing me with a different coat on than usual this morning. My textile one is back in my office.

Mr. Chairman, my name is Joseph L. Miller ; I am legislative representative of the National Parking Association. My address is 815 17th Street, Washington, D.C. (20006). The private operators of offstreet parking facilities are extremely interested in title V of the bill before you since they feel that they have been victimized by a back door raid on the Federal Treasury that is costing the Government millions every year. Here is how it works:

When the Congress approved the Housing and Urban Renewal Act of 1948, it was decided that the Federal Government should put up two-thirds of the cost of downtown urban renewal projects, while the municipalities involved should put up one-third. The act then permitted the municipalities to offset certain redevelopment costs against their one-third—costs of sewers, streets, and the like. But the act specifically forbade offsets for self-amortizing projects, public utilities, and municipal housing.

Sometime before 1962, however, the Urban Renewal Administration (now part of HUD) began to allow municipal offsets for self-amortizing public parking facilities. In that year, 1962, the Comptroller General called the attention of Congress to this practice and suggested remedial legislation. Nothing has been done about it, and the practice has grown apace.

Some municipalities have avoided any contribution to downtown renewal projects by selling bonds to build a public parking facility at a cost equal to the entire municipal share. In other words, the Federal Government bears the entire cost of these downtown renewal projects, certainly contrary to the intent of the law. We have never been able to find out from HUD either how many of these so-called municipal grants-in-aid for parking facilities have been allowed or how much they amount to in money. We have gotten our information from local newspaper clippings.

As we read title V, of the bill before you, this would have to be brought into the open by continuing studies and reports, both by this committee and by the Comptroller General. We certainly are all for that.

Also, we hope this is not to be construed as opposition to public parking, only as opposition to Federal subsidies for public parking. Public parking, we believe, is an issue that should be resolved by the various municipalities, and not promoted by HUD's generosity.

With your permission, I would like to incorporate in this statement, by reference only, a longer statement on this subject by Louis E. Meyers, of Meyers Bros. Parking Systems, New York City. He is also vice president of our association. The statement can be found at page 847 of the Senate Banking Committee's hearings on current Housing and Urban Development legislation.

And I would also like to say, Senator Muskie, that last year when you unfortunately could not be there, Mr. Abraham Leibowitz, one of your Portland, Maine, operators of private parking facilities, gave a very similar statement to Mr. Meyers last fall before the Banking and Currency Committee. Nothing has come of either.

If you have any questions I will be glad to attempt to answer them.

Senator MUSKIE. Yes, I understand your concern about this problem, but I do not think it has any relevance in this legislation. I think the Banking and Currency Committee is the appropriate committee.

Mr. MILLER. Senator, only, as I say, Senator, only in title V it seems to require a continuing study and report on all of these grants-in-aid to this committee and to the Congress as a whole.

Now, we have never been able to find out how many of these there are, where they are, or how much they amount to, which had it been available would have been a valuable addition to the case we would like to make.

Senator MUSKIE. Well, if title V of this bill is enacted in its present form, it would require the continuing review, but that review would not be done by this subcommittee. It would be done by the Comptroller General and by the appropriate legislative committee. So, the Banking and Currency Committee again would be trusted with that responsibility, and also the Comptroller General.

Mr. MILLER. Wherever it comes from or to, we would just like the facts and figures.

Thank you.

Senator MUSKIE. We greatly appreciate your making the point, and it is most appropriate that it be in the record of this hearing.

Mr. MILLER. Thank you, sir.

Senator MUSKIE. I note that Mr. Benton Stalling, of the District of Columbia Chapter of the Federal Bar Association, and chairman of the

Council on Community Affairs, is here and has offered to provide the committee at a later date with any assistance which it may desire affecting titles VII, VIII, and IX. We appreciate your offer and hope we may take advantage of it.

Our next witness, and I gather our last witness of the morning, is Mr. Harry L. Graham, legislative representative of the National Grange.

Is Mr. Graham here?

If Mr. Graham is not here, that completes our witnesses for the morning. We have tried to get our afternoon witnesses, but we have not been able to contact them. We hoped that they might be here this morning, but since we have not had success in that respect, the committee will stand in recess until 2:30 this afternoon.

(Whereupon, at 11:15 a.m., the subcommittee was recessed, to reconvene at 2:30 p.m., this same day.)

AFTERNOON SESSION

Senator BAKER. The committee will come to order.

Let me first apologize to the witnesses for being late in arrival. I hope it hasn't unduly inconvenienced you.

We welcome you to the committee, Mr. Libby, Mr. Goralnick, and Mr. Akerson.

Would you like to proceed?

TESTIMONY OF THEODORE LIBBY, REPUBLIC PIPE & SUPPLY CO., AND JAMES GORALNICK, PREMIER PACKING CO., REPRESENTING THE CHAMBER OF COMMERCE, ROXBURY, MASS.; AND CHARLES AKERSON, NORDBLOM CO., BOSTON, MASS.

Mr. LIBBY. The order in which you just read them will be fine, sir.

Senator BAKER. You may proceed.

Mr. LIBBY. I am here representing the Roxbury, Mass., Chamber of Commerce, with Mr. Goralnick. Mr. Goralnick is president of the Premier Packing Co. in Roxbury.

We do not object to progress—we do object to the losses caused by that progress for which there is none, or inadequate compensation. These losses take several forms.

First—when we, who are in business, are notified of a proposed taking, we take valuable time from our business and spend much money on the search for new quarters. We also incur additional expenses caused by the delay between conception and execution. For example, our firm held a plot of land for 2 years at a cost of \$22,000 a year while waiting for a final taking. For this we cannot ask reimbursement. M. Brown and Co., another Roxbury firm, held two buildings similarly for over a year. They, too, get no redress for this double expense.

Secondly, we, who are in the path of a highway, are allowed a maximum of \$3,000 by the department of public works for moving expenses. Yet, the Boston Redevelopment Authority who did allow a maximum of \$25,000, now gives full reparation, while at the NASA site in Cambridge, Mass., full, and unlimited repayment of all relocation expenses have been allowed from the beginning of the project.

A perfect example of this inequity is Tremont Street in Roxbury, Mass. This street divides land being taken for highway from land being taken by the Boston Redevelopment Authority. West side of street evictees are allowed \$3,000 for moving, those on the east side, \$25,000. Yet, \$25,000 is often not enough. Bills for our firm total \$49,000 for moving material alone, not reerecting shelves, racks, et cetera. This is certainly as much a part of the cost of a highway, as is the cost of steel and concrete. If a highway is financed 90 percent by Federal funds, and 10 percent by State funds, then moving costs should be met in the same manner—90 percent by the Federal Government, and 10 percent by the State. This should be a specific part of the highway grant. There is no limit put on the value of a building—how can there be a limit put on the value of a move?

Thirdly—relocation assistance should include the replacement cost of a plant, rather than market value. Market value at best is an arbitrary figure—since buildings are not up for sale. The only fair method is replacement costs, and this amount can be readily determined, either by the actual expenditure made for a new building, or by the known square foot constructions costs in the area.

We who have been doing business from a specific location for many years, in our case 43, should be entitled to a like amount of space in a reasonably similar location where we can continue our business; in a retail section if we are retailers, in a wholesale section if we are wholesalers, or in a good labor section, if we are manufacturers—all without additional cost to ourselves. These expenses of acquiring like facilities are part of the highway cost. As a matter of fact, no new location can be equal to an old established one, and this is a loss for which there can be no reimbursement.

As further assistance, those businesses displaced should be given first consideration to acquire Redevelopment Authority land, or other available land near their displaced businesses. For example, we, in Boston, victims of the Inner-Belt Highway and Interstate 95 acquisitions, should have been given first consideration for Boston Redevelopment Authority land. There is much talk about encouraging business to move into areas of high unemployment, we are leaving one. We would have preferred to stay in the Roxbury, South End area, but were given no consideration for available land. Certainly our situation is one repeated hundreds of times throughout the urban areas of our country—just as many jobs are being removed from much needed areas in Los Angeles and Boston, as in Miami and Seattle, all for lack of coordination and cooperation.

We are being as cooperative as possible. We appreciate the need for highway and redevelopment projects, but we should not be asked to bear more than our proportionate share of the burden. Each taxpayer pays a part; but we, who are not totally reimbursed for expenses and losses, are being ask to pay a disproportionate share of the project, beyond what our tax portion would be. Thank you for your courtesy. Mr. Goralnick and I, as representatives of the Roxbury, Mass. Chamber of Commerce, are deeply appreciative of your concern, not only for ourselves, but for all those affected by highway and redevelopment programs.

Senator BAKER. Thank you very much. I wonder if it might be in order for the witnesses to continue with their statements before I start with a few questions that may occur to me?

Mr. LIBBY. Yes. Mr. Goralnick.

Mr. GORALNICK. I realize that you don't have much time so I won't try to prolong this.

I am treasurer of the Roxbury Chamber of Commerce, and we have approximately 460 members consisting of industrial and business firms located in an underdeveloped area where unemployment is a great factor.

Most of our firms employ a large percentage of these underprivileged people who are mainly colored. If these firms are not given sufficient consideration and help to remain in this area, the unemployment situation will worsen. It is extremely important that business and industry remain in this area and even be helped to expand in order to create more jobs in an area that needs it very badly. By giving us the opportunity to remain and to expand in this area, it is conceivable that it may attract other business firms to move here also, thereby helping to eliminate to a great extent the unemployment situation.

Certain consideration should be given to all these businesses that are asked to relocate. That would be assistance in relocation, given sufficient time to move. We should be paid 100 percent for moving expenses and not be penalized because we are willing to relocate.

Consideration should be given for the time that we spend in looking for new areas and assistance in obtaining financing.

Property should be valued at replacement cost. Consideration should be given to owners of property who lose tenants when news of taking is first made known, and many times several years can pass before an actual taking takes place.

It is certainly not the intent of the Government to create any hardships for any of us citizens, but rather to treat everyone fairly, and if some of these factors are included, I believe everyone would be treated fairly.

Thank you very much, Senator.

Senator BAKER. Thank you very much, Mr. Goralnick.

Mr. Akerson.

Mr. AKERSON. Senator Baker, I am here as an individual, as an independent real estate counselor and appraiser at the request of Senator Brooke.

I have prepared a statement which I would like to file with your committee. To save time I will summarize my position and volunteer to offer my services to your staff.

Mr. AKERSON. Briefly, I am in favor of the Muskie bill as it is written. I have suggested three minor revisions which in my opinion would improve the bill. I think that there are glaring inequities in the State of Massachusetts.

I have just come back from a meeting in Chicago with other real estate people, and find that the same inequities exist across the country.

I think the Muskie bill, as it is written, does a very good job of being nearly perfect.

The biggest problem that we are all aware of in Massachusetts, and just waiting on the edges of our chairs for an answer is the difference in relocation payments. I helped to administer, as a consultant to the Cambridge Redevelopment Authority, the relocation payments program and the advice to businesses in relocating. We have funds to work with. We have paid claims as high as a half million dollars, and yet

at the same time I am retained by the Department of Public Works on appraisal contracts, and the displaced businesses that I appraise are allowed only a maximum of \$3,000. These two gentlemen represent this group. This is one of the reasons why I must testify separately, because I have been retained by public agencies. But I offer my services to your committee, and appreciate the opportunity to testify.

Senator BAKER. Mr. Akerson, thank you very much.

I would like to address these questions to the three of you and ask either or all of you to reply.

There are one or two that I would like to especially clarify for my purposes and for the record. They occurred in the course of Mr. Libby's testimony and were taken up by each of you in sequence.

To begin with, you feel, and I really believe most people may share your feeling, that fair cash market value directly does not approximate actual compensation or does not permit someone from being less than whole after the forceful taking.

I wonder, however, if the replacement cost test as used by you, Mr. Libby, has worked and whether or not it might not entail some elements of enrichment, and whether or not it might not be better described as the cost of a comparable facility in a comparable location, rather than replacement cost, which implies the building of a new structure.

Mr. LIBBY. Yes, Senator, I too had my reservations, and in the course of my remarks I think I clarified it when I said we should be entitled to a like amount of space in a reasonably similar location.

Senator BAKER. Does this meet the requirements of replacement cost as you mean it to imply?

Mr. LIBBY. Well, sir, it has been my experience that the offering of a fair market value for the property which we occupy now does not enable us to acquire reasonably similar facilities in which to conduct our business.

You see, perhaps we get complacent, having been in one space for 43 years, and we get accustomed to the inefficiencies, et cetera, of it and we have learned to live with these buildings. But when we move, and we are given compensation on the basis of market value of that facility, we are not adequately enabled to acquire like facilities, Senator.

Senator BAKER. Are you willing, then, for the interpretation of replacement cost to imply replacement with a similar facility of similar age and of similar quality?

Mr. LIBBY. Yes, sir. We are not entitled to 1 cent more than that, sir. We don't want anything to which we are not entitled.

Senator BAKER. Together, of course, with reimbursement for the actual cost of moving, I take it, without regard to the amount of that cost?

Mr. LIBBY. I think that that must be limitless, sir.

Mr. AKERSON. May I ask a question, Senator Baker?

Senator BAKER. By all means, Mr. Akerson.

Mr. AKERSON. My interpretation of the Muskie bill as it is written now is that if passed, relocation payments that would be contested by a claimant could be taken into a Federal District Court, and that heretofore in any grant type of relocation payment, this opportunity has been denied the claimant.

Senator BAKER. Essentially, as I understand it, the thrust of the bill before the committee would be to make relocation cost a part of compensable damage as any other element.

Mr. AKERSON. Right. This is an extremely far-reaching part of the bill, but I find that many people are not aware of it. I have been in the position of being the final judge and authority on some of these relocation payments, and it is not as pleasant a position as some people might think. I would welcome the avenue of going into district court.

Senator BAKER. One further question, if I may.

On page 2 of your statement, Mr. Libby, you make the proposal that the unlimited costs of moving "should be financed 90 percent by Federal funds and 10 percent by State funds."

This is as in interstate highway cases.

The proposal in the bill before the committee provides for the Federal Government to bear the first \$25,000 of these costs.

Do you take issue with that? Do you feel that the 90-10 formula is more appropriate for the entire cost?

Mr. LIBBY. Yes, sir. I say that that is just as much a cost of the highway as is concrete and steel. And I take issue with my friends in the Massachusetts government administration who sit back complacently and wait for Washington to pick up the whole tab. Sir, I think you are being overly generous and unnecessarily so. I think if you have got a 50-50 highway bill or a two-thirds-one-third highway bill I say, sir, it should go from the first dollar in that proportion.

Senator BAKER. Yes, sir.

Mr. AKERSON. I will have to give another point of view, because I am familiar with what the public agencies in Massachusetts are anticipating. I am familiar with what the legislators in Massachusetts are anticipating. My forecast would be that if legislation comes about that would require a contribution or a sharing of the first \$25,000, that this entire program will be delayed, slowed down. We will need new legislation. We have open-end legislation at the moment, which is simply waiting for Federal legislation.

I am sure the legislators and the State of Massachusetts are ready to share beyond \$25,000, but the general feeling is that the Federal Government has poured the cement in the \$25,000 grant for the first \$25,000, in what they have done with hundreds and hundreds of businesses, thousands I should say in the urban renewal program in Boston and in Cambridge, in Malden and in many other communities.

I think this would be a step backward. I think it would be reneging on the part of the Federal Government. I think it is impractical and unrealistic.

Senator BAKER. I thank you very much, Mr. Akerson, Mr. Goralnick and Mr. Libby.

May I say this in the interest of time? I would like to invite you to elaborate any of these thoughts with the staff with permission that any additional comments in this respect may be included in the record.

Thank you very much.

Mr. LIBBY. Thank you, sir.

(Mr. Akerson's complete statement follows:)

STATEMENT BY CHARLES B. AKERSON

At the request of Senator Edward W. Brooke, I offer the following testimony regarding the proposed Muskie bill S. 698.

I submit my opinions and comments as an individual and professional real estate counselor experienced in matters involving the relocation of business con-

cerns displaced by federally aided programs. Although I have been retained by both public agencies and private business for advice and assistance, I testify as an individual and not on behalf of past or present employers. The scope of my testimony will be limited to those portions of the Bill dealing with uniform relocation assistance to business concerns. An outline of my professional qualifications and experience is attached to this statement.

For the convenience of the subcommittee, my testimony will be presented in summary form. If the subcommittee desires further details, I am prepared to amplify my testimony with examples and explanations based on actual experience.

SUMMARY

In my opinion, the Muskie bill should be enacted as soon as possible in its present form or with minor revisions. I believe the Subcommittee should consider the following points:

Unreasonable limitations.—Without the Muskie bill, federally aided highway projects in Massachusetts and other sections of the country will continue with an unreasonable and artificial limit on relocation payments. A Massachusetts business displaced by a federally aided highway project now receives a maximum payment of \$3,000 for moving, even if the actual moving costs are \$100,000. The present \$3,000 ceiling is not only unfair but illogical. Under the present system, the displaced businesses pay their share of taxes to support the highway programs and in addition they are forced to absorb a heavy share of the actual costs involved.

Unfair treatment of business concerns.—Without the Muskie bill hundreds of business concerns in the Greater Boston area, alone, will be displaced by new federally aided highway construction without full compensation for moving costs, while simultaneously, neighboring business concerns will be displaced by federally aided urban renewal with full reimbursement of moving costs.

Unfair treatment of public servants.—Without the Muskie bill, the Massachusetts Department of Public Works will be obliged to continue the unfair and distasteful practice of displacing businesses without full reimbursement of moving costs, while at the same time, local urban renewal agencies will be offering full reimbursement for moving costs to displaced business concerns.

Unfair treatment of employees and the community at large.—Without the Muskie bill, many workers will be forced to seek new employment because of business failures resulting from displacement of businesses without adequate compensation. Also, the community at large would suffer a general economic loss for every business failure that could otherwise have been prevented by fair, reasonable, and uniform relocation payments.

Lack of avenue of appeal in current programs.—Under current regulations covering relocation payments in either highway or urban renewal projects, a displaced business concern cannot contest the adequacy or the fairness of a business relocation payment in any court of law. As I interpret it, the Muskie bill would correct this inequity and allow an aggrieved claimant to take his case to a United States district court.

Lack of flexibility in present programs.—Current regulations encourage displaced businesses to move obsolete equipment at extravagant cost to the Government in order to qualify for reimbursement of moving costs, whereas the Muskie bill will allow a displaced business to install new equipment at the new location and claim the reasonable expenses that would have been required to move the old equipment. Under present regulations, there is no provision for advance payment for certain relocation costs, whereas the Muskie bill would allow the President to authorize advance payments in case of hardship.

Recommended revisions.—In my opinion, the Muskie bill should be subjected to three minor revisions.

Section 805(a)(2)(A) provides that a farm operator may be reimbursed for reasonable expenses in searching for a replacement farm. I suggest that the displaced business concern be given the same benefits extended to the farm operator. This is not a major item, but the distinction between the farm operator and the business concern does not seem consistent with the intent of the bill.

Section 805(a)(2)(B) provides that a business may install new equipment at the new location and claim an amount equal to the reasonable expense that would have been required to move the old equipment. The cost of moving old equipment often actually exceeds the cost of a new installation and I suggest that in these cases reimbursement should not exceed the actual cost of the new installation.

Title VIII, I do not find any specific language which would require a Federal or State agency to publish complete information regarding the availability of relocation assistance. It has been my experience that many business concerns are deprived of available benefits because of an inadequate public information program and I suggest that the bill be augmented to correct this weakness.

Senator BAKER. Miss Bingham, we welcome you to the committee. I apologize to you as I did to the other gentlemen for being late.

STATEMENT OF MISS JO BINGHAM, ASSISTANT TO THE VICE PRESIDENT OF THE GOVERNMENT RELATIONS DIVISION OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

Miss BINGHAM. Thank you very much.

My name is Jo Bingham. I am Assistant to the vice president of the Government Relations Division of the National Association of Manufacturers and I am appearing here to represent the association.

We appreciate this opportunity to testify before this Subcommittee on Intergovernmental Relations and present our views regarding S. 698 and related proposals, which we support with the reservations and modifications suggested in this statement.

The National Association of Manufacturers is a voluntary organization of industrial and business firms, large and small, with members located in every State and representing the major part of manufacturing output in the country.

Among the fundamental issues which concern NAM are central government policies and procedures which affect the character, workings, and future of the federal system as a union of States.

We believe that Congress needs to reexamine the intergovernmental relationships it has created. We consider it indispensable to the effective functioning of the federal system that the role of the States should be strengthened; that national policy should encourage State-local initiative and responsibility; and that State and local governments, and their individual and corporate citizens, should make conscious efforts to assure a more positive role for the States, with less dependence on National Government programing and financing. We believe that S. 698 can contribute to that broad goal of making the federal system more effective and strengthening the State's role in it.

Business-supported interest in improving the strength, quality, and effectiveness of State and local government has widened in recent years and the subject itself has been given more pointed attention. It is with some pride that NAM points out it was the first business organization to undertake a major study and program on the federal system and the intergovernmental relationships involved in that system. Since that effort was published in 1950 under the title, "Bring Government Back Home," the association has been alert to changing events and emphases in intergovernmental relations, and, whenever opportunity permitted, contributed to discussions on the subject and to the resolution of problems involved.

NAM testified before the House Government Operations Committee's Subcommittee on Intergovernmental Relations in 1957, during the period that Congress was taking its first steps to appraise and implement the report of the Commission on Intergovernmental Relations. In more recent years we have made statements on S. 2114 of the 88th Con-

gress, which was limited to the grant-review proposal, and, in both Houses of Congress, on S. 561 of the 89th Congress and related bills which also included other proposals.

SPECIFIC COMMENTS ON GRANT PROVISIONS OF S. 698

For convenience and clarity of discussion, we prefer to comment on two separate packages of similar content provisions in S. 698. The first covers titles II through VI with the pertinent definitions from title I, and involves grants-in-aid management mechanics. The second covers titles VII through IX with the pertinent parts of title I, and involves land-use and relocation practices and policies.

The fact that these sections can be logically separated for discussion purposes suggests that they might also be separated into two bills if action on the somewhat cumbersome whole is going to be delayed. It is over 10 years since the first legislative proposal for review of grants was offered. Three years ago in testifying on S. 561 we referred to some 100 grants then in existence. In introducing the present bill, Senator Muskie reported there were over 220 grant-in-aid programs, involving nearly 400 separate appropriation accounts.

The need to reappraise the grant-in-aid mechanism and to coordinate or consolidate or simplify, becomes greater as time moves on and more and larger grants, along with more and more stipulations about their use, are added to this battery of Federal fiscal artillery.

Nearly all executive branch departments and agencies administer grant programs. They go to the 50 States, to many thousands of their political subdivisions and now, through Office of Economic Opportunity programs, to more than a thousand community action agencies which are predominantly private organizations.

Senator Muskie has referred to 62 specific aid programs for community facilities of one sort or another, 57 for work training, 50 for general education, 35 for housing, 32 for land-use, 28 for recreational and cultural facilities, and 27 for utilities and services. Since more than one Federal agency may be involved in a variety of programs of similar nature, any organization chart designed to show the whole framework of the relationships involved would look like a massive spiderweb—but without any orderly pattern. Charting the organizational and inter-governmental relationships of OEO programs alone is a dizzying process.

No single step, or combination of steps, which is able to bring some clarification and reevaluation to this patchwork of grants, should be delayed if it is possible to enact it promptly. For this reason we would welcome passage—each, of course, with appropriate definitions—in the following order of preference of (a) titles V and VI, or (b) either title V or VI alone, or (c) titles II through VI.

In our opinion the two vital provisions of the whole bill are those for review and consolidation of grants and we favor separation of any other provisions which could cause postponement of the enactment of these key titles.

TITLE I, DEFINITIONS

We are glad to see section 106 spell out the definition of the term “grant.” There is, however, a serious omission in our opinion. This omission has been recognized in amendment No. 748 and in S. 2981. We

see no reason for excluding grants made to nonprofit agencies such as those given to community action agencies by OEO.

This kind of grant—direct to local nongovernmental bodies—is relatively new, but if the history of Government action is any guide, use of the technique will spread. As a matter of fact the budget for 1969 does indicate spread already in the Public Health Service grants. There is every reason for this kind of grant to be subject to the provisions of titles II, V, and VI.

Therefore we suggest appropriate revision of section 106 (*c*), either by adding “or State-approved” after “State-administered,” or by somewhat different language. For example, it might read :

To an instrumentality incorporated or chartered in a State to carry out a plan or program which is subject to approval by a Federal agency.

There is, we believe, an inadvertent reference to title VI in section 109. Perhaps this was a carryover of language from an earlier bill. The correct reference is no doubt to present title VII, section 806 (*c*).

TITLE II, IMPROVED ADMINISTRATION

Section 201 of title II falls short of its real potential for improving the administration grants-in-aid, because, as we understand it, the responsibility of the Central Government to inform Governors, upon request, is limited to grants being made to States. We believe the provision should apply to all grants-in-aid—as we would revise their definition—made within a State.

There is some room for confusion as to the actual intent of section 201 because section 106 defines grants to include political subdivisions, but section 102 defines State for the purposes of all titles except VIII and IX (reinforced by section 111) as excluding political subdivisions.

We urge this subcommittee to clarify the language so that section 201 will expressly include political subdivisions. And we hope that in doing this, the subcommittee will see fit also to make applicable to section 201 our suggested revision of the grant definition in section 106 (*c*) .

Why should title II exclude the governments of political subdivisions of the State? More and more grants are being made directly to local governments and community organizations, for all practical purposes completely bypassing the States. This would seem a definite reason for the Central Government to recognize the right of the States to know the facts regarding any Central Government support of their own political subdivisions, particularly when an increasingly large part of the \$18 billion in grants is going to those subdivisions. Furthermore, because the newest structural unit eligible for aid is the nonprofit corporation for community action, it would seem necessary to make title II apply to this type of quasi-political unit also.

Our own preference for tightening grant administration would differ from the section 201 provisions, even corrected as just suggested. We believe that grants from the Central Government should be given only to States and these funds, along with any state-participation funds, allocated to beneficiaries within the States by the States themselves. We made this point in our testimony to this subcommittee on S. 561 in 1965, and we still believe it would be tackling the problem at its source. It may be possible, however, only in the longrun, after

consolidation of grants has been effected; and we would not want consideration of this aspect now to prevent prompt passage of the beneficial provisions of S. 698.

TITLE III, TECHNICAL AID TO STATES

First, we would like to commend the sponsors of S. 698 for including in section 302 reference to "furtherance of the Government's policy of relying on the private enterprise system." This is a rare legislative reference, and a good one to see being specified.

Advice, information and technical assistance to the States and localities are among the ways NAM believes the Central Government can properly aid State and local governments. We believe such activities constitute a means for the Central Government to promote the acceptance of fuller responsibilities by State and local governments for functions which can ultimately be handled without any outside aid. Furthermore, the availability of reimbursable "competence on call" should contribute to effective implementation of consolidated programs, and even to economy in government in the overall sense.

The purpose of this title is to permit reimbursable technical services. To avoid misunderstanding we would like to see this word expressly used in section 301, as it is in the initial summary of purposes of S. 698.

TITLE IV, URBAN DEVELOPMENT POLICY

We still have some concern with the language of section 401 on "Declaration of Urban Assistance Policy." In Senator Muskie's introductory comment about original S. 561, it was indicated that inter-agency coordination in the Central Government was the thrust of this title. That is, it was a uniform policy for application by Federal departments and agencies that was sought, not an imposition of policy obligations on State-local governments. We certainly support consistency and interagency coordination in Central Government management. And we do not wish to impede improvement in intergovernmental coordination or efficiency. But we are concerned that, in the absence of express language to the contrary, section 401(a) can be interpreted and applied as requiring three-level governmental adherence to "the concurrent achievement" of the eight enumerated "specific objectives of urban development," and also that section 401(b) can require adjustment by each level of government to the viewpoints of every other level of government in planning urban development. The use of the passive tense in section 401(b) makes it quite unclear. If this section is not a requirement for Central Government only, it would seem almost impossible to implement.

There should be a clarification in this regard. Sections 401 (c) and (d) are both quite explicit in limiting their application to the Central Government. Sections 401 (a) and (b) can be equally explicit, and in our view should be.

We believe the strengthening of State responsibility in intergovernmental relationships is the paramount consideration for improving the operation of our Federal system, and we do not like to see legislative language which would be open to the charge that the Central Government was establishing the objectives of urban development, and by-

passing the States by laying down local government requirements for urban development.

Accordingly, we suggest the substitution of "Federal" for "inter-governmental" in the name of title IV and the insertion of the word "Federal" in the first mandatory clause of section 401(a). This would then read, "... The President shall establish rules and regulations for uniform Federal application." These changes would leave no doubt about the intention of title IV.

TITLE V, REVIEW OF GRANTS

We believe the congressional review of grants is necessary for a number of reasons:

The natural "oversight" obligations of the Congress as national policymakers;

The need to adjust programs to the facts as times change and needs alter;

Because the extensive variety of present grant patterns and formulas is difficult to justify;

To check the actual effect of equalization formulas or other specific mechanisms;

To evaluate the shifting emphasis to regional area recipients of grants—either among States or within States;

To appraise the shift from State recipients to community recipients, bypassing the States;

To weigh the significance of the shift from recipients who are local public bodies to private local-agency recipients;

Because the response of State and local officials to the questionnaire study conducted by the Senate Committee on Government Operations in 1963¹ indicated that a large majority felt the functioning and procedures of grant programs needed "continued reevaluation."

Because the executive branch—the departments and agencies administering the grants—is not the appropriate source of review, and might not be able to undertake objective review.

Title V has had the benefit of being 10 years in the making, and it reflects a composition of various views, including suggestions NAM itself has made in past hearings. We commend its inclusion of review of existing grants, retention of the expiration feature for grants which may be enacted in the future, potential termination of grants as a purpose of review, and studies by the General Accounting Office and the Advisory Commission on Intergovernmental Relations.

We approve of title V, believe its implementation will be of great value, and urge its prompt passage—even if its separation from other provisions (except pertinent definitions) is necessary to do this.

But we would hope that our suggested revision of the definition of grants in section 106 would be accepted; otherwise the review process of this title would not apply to grants to non-profit private instrumentalities. And we think review necessary for these programs, as well as those carried out by public bodies.

If the grant *definition*, as such, is not revised to cover private agency recipients, then we think all language in this title which refers to re-

¹ The Federal System as Seen by State and Local Officials, p. 12.

cipients should be revised to cover this omission. The addition of such a phrase as "and other instrumentalities" would serve, and should be made in every section of this title except section 505.

There is one other point we would make on title V, regarding section 501(2). We feel that continuing this purpose of the title is essentially at conflict with the potential of title VI, and we would prefer to see it deleted. The use of the review technique to revise and redirect grant programs as new conditions arise will have less and less significance, as consolidation of grants by broad purposes goes forward. Under functional consolidation it is the states, not the central government, that would be revising or redirecting specific aspects of programs when conditions altered or needs had been met.

TITLE VI, CONSOLIDATION OF GRANTS

The proliferation of grant programs and the intergovernmental cross hatching of administrative arrangements and regulations have brought the grant system to a point where consolidations are the only immediately effective avenue to the efficient management of the many resources now applied to their purposes. Furthermore, consolidation could serve to reduce future central government resort to separate special-purpose grants. Blocking them by broad purpose could make for more responsible and responsive action at State-local levels to the particular needs government can best meet. This procedure would be a welcome precedent for greater reliance on the States as such. It is a logical step to congressional action which might ultimately shift most of the support of aided functions to the States themselves as they strengthen their legislatures, executive structure, and mechanics for coordinating State-local, regional, or interstate programs.

Because of our special concern with invigorating the power and prestige of the States in the Federal system, we would like to see an emphasis of this kind specified in title VI. In section 601(a), for example, we offer the following text as a new item to precede the already listed purposes of consolidation:

"To improve the operation of the Federal system by strengthening the role and responsibility of the states in that system." Language of this kind would spell out the key means for achieving the first purpose of S. 698 as stated in the initial summary of intent. As we see it, improvement in the operations of the Federal system must come from the more vigorous role of the States—in relation first with the central government, and second with bodies within their jurisdictions—rather than from any further expansion of direct Federal-local structural or financial relations.

For the same reason we would change the beginning part of section 601(b) to read as follows:

The Congress declares that the public interest and the effective operation of the Federal system demand the carrying out of the purposes of subsection (a) * * *.

We would also like to ask this subcommittee to consider the advisability of requiring that the consolidation plan place responsibility in a single State agency for seeing that the consolidated program is implemented. We mean that some single State agency as designated by the Governor or legislature should oversee, though not

necessarily administer, the consolidated program. We know there are many grant programs properly and completely administered by units of general local government, and it is not our intention to alter this. But if the State role in the Federal system is to be strengthened, there should be some one focal point for what ever State activities or responsibilities exist with respect to programs administered locally. In education and welfare such State agencies exist. There is a growing need in the country, however, for such State-level focal points in connection with grants for urban development and community facilities. In fact, a number of states have already met this need by creating state departments of urban affairs.

Title VI is a very forward-looking provision, and we urge its prompt passage—alone or with title V if further delay might be cause by holding together all the present titles of S. 698.

LAND-USE AND RELOCATION PROVISIONS

Titles VII, VIII, and IX are not essential or integral parts of an intergovernmental cooperation act. Title VII involves almost no more than matters of courtesy for the General Services Administration to follow with local government when it acquires, uses, or disposes of land in urban areas.

Part A of title IX is related, and provides rules for the guidance of Federal departments and agencies when acquiring land. Part B of title IX does involve intergovernmental relationships, but it simply requires the States to follow similar guidelines as a condition for receipt of funds from the central government which will be used by the States to acquire real property.

Title VIII also involves intergovernmental structure, but its purpose is to establish uniform relocation procedures and payments for all programs administered or aided by the Central Government which dislocate people or businesses through the acquisition of real property. Title VIII was originally a separate bill in itself, S. 1681 of the 89th Congress and passed by the Senate in July 1966. This title is primarily substantive in nature and concerned with coordinating intergovernmental relations mainly as the result of equating provisions in different programs. It could still very well be legislatively separated from the type of content in titles II–VI—taking titles VII and IX along with it. If the passage of earlier titles (especially V and VI) would be delayed by keeping S. 698 intact as one package, we think the last three titles should be separated.

TITLE VII, FEDERAL AGENCY LAND-USE POLICY

The intent of title VII is commendable; however, it may not necessarily be achieved by adding a title VIII to the Federal Property and Administrative Services Act of 1949. An Executive order might serve as well.

Only section 803 provisions for disposal of urban property by the Central Government, would seem to be reasonably binding on a Federal department or agency.

Section 804, provisions regarding acquisition or change in use of urban property, are qualified. First they would be applicable only to the extent the Administration determines practicable.

Second, the acquisition provisions would not be binding if the Administrator finds that advance notice would "have an adverse impact on the proposed purchase."

Third, this latter circumstance would completely void the mandate of section 804(b)(1) to consider all objections of local government to a proposed acquisition or change of use.

Thus, for reasons advantageous to Central Government purposes, GSA may not apply the provisions of section 804 rather than apply them. It would therefore seem that the executive branch would have control over GSA practices in its own hands, with or without enacting legislative requirements.

However, if the Congress determines that accommodation to local zoning, land-use, planning, and development objectives could be advanced by Federal departments and agencies only through basic legislation, we have no objection to title VII.

TITLE VIII, UNIFORM RELOCATION POLICY

This title deals with coordinating program content which is the result of different pieces of legislation enacted by different Congresses over the years. That is the practical source of the disparate policies, procedures, and payments which now exist. NAM itself has no specific policy with respect to Government relocation practices, so we have no formal theme on which to base support of or opposition to this title.

However, we've been aware of the problems. In fact, I had participated in the informal "critics" session on the draft report of the Advisory Commission on Intergovernmental Relations on Relocation. We do know that Government displacement of people and businesses is substantial and has existed for a long time, especially through highway, slum clearance, and code enforcement activities. We know that small businesses, particularly, have been seriously affected, and injured economically, that people have been dislocated without adequate rehousing and that there are inconsistencies of relocations practices and payment policies.

The imposition of similar uniformity of policies at the State level as a condition of receipt of grants from the Central Government is a natural outgrowth of the grant system as it has developed and the logical consequence of the detailed "oversight" that Congress and the executive branch have incorporated into the mechanics of the grant system.

We cannot condemn efforts to ameliorate injustices and the harmful effects of economic dislocations; nor can we criticize efforts to correct disparities in the policies of Central Government programs, grants-in-aid or otherwise, or in the practices of different Federal departments and agencies. We therefore do not oppose title VIII.

TITLE IX, UNIFORM ACQUISITION POLICY

This title seems almost a matter of internal management in the executive branch, except for the imposition on the States of similar uniform practices regarding land acquisition whenever Central Government funds are used. Consistency of policy and procedure "in order to encourage the acquisition of real property by amicable agreements with owners," whether in programs administered or aided by the

Central Government, would seem a worthwhile effort, consistent with the general character of the two preceding titles; and we do not oppose it.

There are a number of serious issues relating to land acquisition policies which this title does not approach. Recommendations regarding these issues hopefully will be made by the Public Land Law Review Commission which is currently pursuing intensive studies relating to public lands.

TECHNICAL PROPOSALS

Chairman Muskie's amendment No. 748 and S. 2981—the accounting, auditing, and joint funding proposals—themselves testify to the need for title VI of S. 698. These technical proposals not only underscore the need to seek consolidation of programs and uniformity of procedures but correct, in some degree, the complicated and confusing ramifications resulting from hundreds of Federal aid programs.

We do not object to these proposals as such. They have practical merit. We would hope these efforts to correct symptoms will not impede the more basic proposal in title VI. Furthermore, these provisions may be more difficult to apply than is now contemplated. Proposed title X, section 1003(b), for example, mandates a rather massive study-and-review job for the General Accounting Office—and especially at this critical point in our fiscal circumstances, this might require greater resources than the results would merit.

However, my participation in the critics' sessions on the ACIR's draft report on fiscal balance in the American Federal System has convinced me that the problems are real ones, and these technical avenues to their resolution—especially the joint funding—constitute appropriate efforts. There should be less need for them, however, as program consolidation goes forward.

CONCLUSION

NAM appreciates the privilege of presenting its views to the Senate subcommittee on Intergovernmental Relations. We hope our comments in regard to strengthening the responsible role of the states in the Federal system, and the several specific suggestions for revising language, will help the subcommittee perfect this legislation and contribute to its passage.

We want to repeat our particular interest in titles V and VI and again urge that at least these be promptly enacted, even if to do so requires splitting them off into a separate bill.

Senator BAKER. Miss Bingham, I thank you very much.

Let me assure you that we are very interested in your viewpoints, in your analysis, and we are extremely anxious that you continue with the staff to elaborate on these points and to include such additional statements or ideas as you may have for record purposes.

Thank you.

Miss BINGHAM. We will be very happy to respond to any inquiries following this.

Senator BAKER. Very good. Thank you very much.

Senator BAKER. The hearing will be recessed.

(Whereupon, at 4:45 p.m. the subcommittee adjourned to reconvene at 9:45 a.m., Thursday, May 16, 1968.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

THURSDAY, MAY 16, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:25 a.m., in room 457, Old Senate Office Building, Senator Edmund S. Muskie (Chairman), presiding.

Present: Senator Muskie.

Staff members present:

Charles M. Smith, Staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order. I am afraid this is going to be one of those bad days. We are going to have gun control legislation on the floor. Since the votes will come quite fast, we will not waste any time.

Mr. Rafsky, you have really been put upon.

Mr. RAFSKY. We do not mind.

STATEMENT OF WILLIAM L. RAFSKY, PRESIDENT, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS; ACCOMPANIED BY JOHN D. LANGE, EXECUTIVE DIRECTOR, AND MARY K. NENNO, ASSOCIATE DIRECTOR FOR PROGRAM POLICY AND RESEARCH

Mr. RAFSKY. Senator, my name is William L. Rafsky, and I am president of the National Association of Housing and Redevelopment Officials and in my private capacity, executive vice president of the old Philadelphia Development Corp. I have with me my associates in NAHRO; on my left Mr. John Lange, executive director, and on my right, Miss Mary Nenko of our staff.

We certainly appreciate this opportunity. We understand your situation very well and do not feel imposed upon at all. We are very pleased to have a chance to summarize in view of your time schedule our statement which you permitted us to enter on the record on Tuesday.

If I may, I would like to say a word about myself and my experience in terms of my qualifications as a witness. Prior to my present position I served for 11 years as the housing and development coordinator

for the city of Philadelphia, and in that capacity as the mayor's top assistant in the field of long-range development for the city.

I was also the director of the local Redevelopment Authority and, therefore, had direct supervision over some programs, including land acquisition and relocation, and a broader supervisory role for other programs, including public housing, code enforcement, and so on, related to housing and development.

During that period I served as a member of the Pennsylvania Advisory Commission which revised the eminent domain laws of the State of Pennsylvania and I note that many of the, or a number of the provisions in S. 698, are not unlike those that we put into the present Pennsylvania eminent domain code.

Our statement pretty well represents the NAHRO point of view. We do want to express our appreciation to the subcommittee and to you, Mr. Chairman, on the hearings, on creative Federalism last year and the sponsorship of S. 698. We think that they are real milestones in trying to understand intergovernmental relations.

We, of course, in NAHRO, who represent local government officials, believe very strongly, and we think our experience backs us up, in local responsibility and initiative. These are words that appear in so many of the Federal programs for which Federal assistance has been provided.

And I have submitted, as part of the record on Tuesday, a summary of a statement which I submitted to the Senate Subcommittee on Housing which emphasizes this point. We feel quite strongly that if the programs are to work, including some of the wonderful ideas in S. 698 and S. 2981, that there has to be perhaps a more radical revision of the relation between Federal agencies and localities.

And I might want to say just a word or two more about that when we come to one of the other titles in S. 698.

Getting to the bill, itself, we certainly endorse the basic concepts and principles, such as those in title II for a more flexible administration of Federal grant-in-aid to the States. I would like to note, by the way, that although that title talks about relations between Federal and State and local governments that there are some situations, such as those in Philadelphia, where the metropolitan areas go across State lines. We have three States within the metropolitan area. And in terms of trying to achieve efficiency and flexibility, the need for contracts and compacts and negotiations with three State legislatures gets to be very cumbersome; we are hopeful in terms of this flexible administration idea that a look will be taken at that specific problem as well.

We endorse the technical assistance provision in title III by the Federal Government and to State and local agencies.

We endorse the title IV in terms of the provisions to relate federally aided urban development activities to comprehensive local planning. We believe that this is extremely important, particularly in terms of both local and regional planning, and also that in regional planning, State governments can play a very important role.

It is in title V that we have a very strong endorsement of the provisions of the bill to have a systematic review of the Federal aid programs by Congress. Specifically, we would like to see some language in section 503 that when substantive committees of the Congress

get into these reviews and updating of the programs that they consult and take advantage of the experience of State and local agencies, because we think that point of view will provide a very significant input.

Title VI, again, to us is a very important provision which we hail in terms of a coordination and consolidation of grant-in-aid programs at the Federal level. It is at this point where we believe that local responsibility and initiative have to be really tested and not be merely words that are merely implied. We have suggested before other congressional committees that there be a radical change in the system in terms of Federal-local relations. I am thinking in terms of my own experience in the city government of Philadelphia, where as a department official in making requests for implementing programs, budget and otherwise, I appeared before city council committee once a year with a budget for programs. I was given not all that I asked for but at least approval of a program, and then I was permitted to go on my own.

In terms of Federal-local relations it does not work that way. Every step of the way requires another documentation, other evidence; it is reviewed not only in terms of a local review, but every local official has a parallel in the Federal scheme, whether he be a planner, appraiser, engineer, or a sight acquisition man. We think this is wasteful and unproductive.

We would, however, in terms of one of the provisions in title VI, in section 602(a)(1), suggest perhaps that there might be some flexibility in that administration not always be consolidated in a single agency. We think that there are some special situations where it might be wise to have more than one agency involved.

We welcome and applaud the provisions in title VII about notice to general local government and Federal Governments intent to acquire or dispose of land. We know in Philadelphia we have had so many difficulties with the General Services Administration or the military departments as they quickly make decisions on acquisitions and disposition of land which are frequently contrary to the whole program of the city of Philadelphia. In one case, a proposal for selling to the highest bidder, which would have greatly impaired our port, because someone bid for warehouses that were a port facility. So we think that this is a very helpful step.

Title VIII, if I may spend just a little bit more time, is a subject where our organization has a great deal of experience—the question of relocation. It so happens that purely by coincidence, my ability to return today was the fact that we in NAHRO had convened a 2-day workshop of people who actually carry out relocation in the Government agencies in the cities throughout the country.

They are meeting at this very moment in Washington to try to face up to some of the problems that are encompassed in the bill before you now. I had occasion this morning to point out to them that as relocation officials they have attempted to call to the community's attention the shortcomings of the program; that they as public officials have been in the vanguard of trying to reform it; and I go back to the 1930's in terms of low-rent public housing where these localities deliberately had programs partly on slum-cleared land, but also on vacant land, so that there might be room for the displaced low-income families.

I recall how in the first program in the 1940's under title I, where there were relocation plans and relocation staffs aiding people as well as moving expenses.

In the 1950's we in Philadelphia were one of many who set up a centralized relocation bureau without any urging on the part of the Federal Government because we saw the need as other programs were beginning to have an impact on dislocation.

In the 1960's, our relocation agencies were the ones who were knocking on the doors of HAFA on having more social workers, more people who understood the minority problems in dislocation. But now we recognize that there is a kind of new frontier: the need to face up to compensation over and above market value because of the hardship; the need to recognize that displacement is a human problem of psychology and attitude toward neighborhoods and institutions in those neighborhoods; the need to have Government agencies, in a sense recognize that it is a fundamental cause of their program, and as much of a public service to take care of individuals being displaced for that public improvement. Perhaps most important of all, is to provide resources for relocation because it is in access to resources that relocation programs will fall or stand up.

If we do not have a housing supply for those displaced, we do not see how any improvement in procedure is going to do the job, and so there must be a parallel increase in housing supply. Nevertheless, all of us who have worked in this field recognize that there are many improvements that can be made under the relocation bill.

We endorse very much what you have in title VIII in terms of a uniform relocation provision, because we know that one person displaced by one agency as against another, just does not understand the need for the difference. We would like to go beyond that. We would like to see, for example, in urban renewal programs, and in public housing programs, the right to begin actual relocation work during the survey and planning period. There is a tremendous hardship on individuals who wait for the plan to be completed. If one family moves out, the people next door are subject to vandalized property, to the uncleanness, to the rats that may be there. We feel that there ought to be a flexibility and a willingness to supply the funds to start early. It does not increase the cost, and in some ways it might reduce it, and certainly reduce the hardship on the individual.

We have asked HUD on a number of occasions that this might be relaxed and they have been unable to do so, pointing to the legal requirements of having a formally-approved plan.

But, once we have said that, we begin to recognize that the relocation problem cannot be confined to those who are formally displaced by Government programs. Those who are displaced get the kind of special help that we provide and take away from the housing market those units which are needed for families of low income who are not able to adjust well to an urban area.

And perhaps the time has come to look at relocation in the terms of a continuing program, a program where a community aided with Federal funds, can have a standing operation studying the housing supply, making recommendations where that supply ought to be increased, and trying to fit the public programs that result in dislocation into what is happening in that community on a regular basis.

I know in Philadelphia we have taken a step toward—that is, we have added to our central relocation office a special housing supply unit that works with private builders to encourage them to come up with housing where the dislocation needs are greatest.

We would also like to specifically comment on three other provisions in title VIII. In section 802(c) (3), we believe that the \$300 payment for a potential purchaser is not adequate, and frankly, we would like to see a payment to supplement the downpayment of a homeowner so that he can purchase a home within 20 percent of his income. We believe that unless you do it that way, you are only giving partial help and do not solve the problem.

We would like to suggest in terms of 802(e) that we eliminate the relocation adjustment payment. We have submitted, as part of our statement for the record, an article that appeared in our journal that shows how inefficient and really ineffective that payment has been. We have already received this morning confirming opinions from the people who are working with the RAP, Relocation Adjustment Payment, to show that it does not work. Instead, we would suggest that there be a flat payment for all displaced persons to help tide them over some of the adjustments they have to make. But more importantly, we should enlarge the leasing program known as section 23 in the Public Housing Provisions, so that people who are renters will be able to afford housing within their income. We think a liberalization of the section 23 leasing program, to apply for all dislocated people would be far better than the relocation adjustment payment as now constituted.

In this regard we have noted that there has been a holdback in some communities on the leasing programs; namely, because a lease for a maximum period of 5 years (with an option for another five) is not always sufficient to encourage private landlords to rehabilitate their property; the amortization or extensive rehabilitation requires sometimes more than 10 years.

We, therefore, would like to see the initial lease period go to 10 years, with an option for another 10 years.

Finally, in terms of title IX, here again we strongly endorse the uniform land acquisition policy which is contained in title IX. I note with a great deal of interest and support these key provisions taking into account, in terms of the value payment, the impact of public activities where it results in the decrease and value of the property. This happens to be one of the provisions, by the way, in the Pennsylvania eminent domain law that some of us were responsible for.

We also welcome something that we are unable to do in Philadelphia because of the real estate laws of our State; namely, compensation for tenants when they make improvements in the property, which is included in title IX of the bill. We think that that is long overdue, because we know of many hardships where improvements have been made by tenants, and under the lease by the landlord they are not able to collect any compensation for that improvement.

We would also like to point out that many of our communities have adopted a policy which we have asked the Secretary of Housing and Urban Development to adopt nationwide.

Where we are dealing with the homeowner or the small businessman to whom a real estate transaction may be a once in a lifetime thing,

he ought to receive the top appraisal of the two that are normally taken in these situations. We feel that the two appraisals are usually reasonably close one to another; but if there is a wide difference, a third appraisal could be made. That these people are entitled to the top price.

More importantly, as we see reflected in title IX, we would like to go beyond the fair market value and we note, for example, and have submitted for the record, the recent law adopted by the State of Maryland where for the first time it talks about paying compensation for hardships over and above fair market value. We think that this philosophy also ought to be in title IX.

This represents a summary of our testimony, and we appreciate very much this opportunity to have this oral presentation as well.

Senator MUSKIE. Thank you very much, Mr. Rafsky. We appreciate your patience and also the excellent and very constructive statement which you made. I know that each one of your suggestions will get serious considerations.

Mr. RAFSKY. Thank you.

(The supplementary statement follows:)

SUPPLEMENTARY STATEMENT BY THE NATIONAL ASSOCIATION OF HOUSING AND
REDEVELOPMENT OFFICIALS

TITLE VIII OF S. 698, UNIFORM RELOCATION—SECTION OF THE INTERGOVERNMENTAL
COOPERATION ACT OF 1968

In testimony on May 14 and 16 before the Subcommittee on Intergovernmental Relations of the Senate Committee on Government Operations, NAHRO President William L. Rafsky was given permission to file for the hearing record any additional comments or recommendations on title VIII which might result from the local relocation directors from throughout the country meeting in Washington on May 16-17, under the sponsorship of NAHRO. The statement below is the result of that meeting. Attached is a listing of the local relocation directors who attended.

Endorsement of NAHRO testimony

The local relocation directors endorsed the testimony which NAHRO gave to the Subcommittee on May 14 and 16 on title VIII of S. 698. They specifically endorsed these points:

1. That the proposed \$300 payment for potential home purchasers, Section 802(c) (2), is not adequate and supported the NAHRO recommendations—that a flat payment be made to supplement the down payment of a home owner up to the point necessary to enable him to purchase a suitable home within 20 percent of his income, and that potential home purchasers be given special priority for federally-assisted home ownership programs.

2. Elimination of the relocation adjustment payments (RAP), section 802(e) of S. 698. The relocation directors agreed that the present system of RAP payments is complex and inequitable.

3. In substitution for elimination of the RAP payments, the group recommended:

- a. Establishment of a flat displacement payment based on household size as follows: 1 person—\$200; 2-4 persons—\$300; 5-6 persons—\$400; and 7 or more persons—\$500. This flat displacement payment would go to *all* households displaced by public action and would compensate for necessary costs involved in adjusting to a new location.

- b. Expansion and additional flexibility in the Section 23 leasing program of the Housing Act of 1937. This would involve not only sufficient authorization in Section 23 to cover relocation housing needs, but also additional flexibility in making local agencies eligible to receive federal assistance under the section 23 leasing program. It would extend the eligibility now given directly to a local housing authority to include any other agencies designated by the governing body of the local community.

- c. A special priority for the rental assistance programs of the Federal

government for all displaced households, including rehabilitation loan and grant programs.

These changes would cover both the immediate adjustment needs of displaced families and rental assistance on a continuing basis for those displaced households who need it.

It should also be pointed out that in addition to more effective and efficient assistance, the displacement allowances suggested are less than the RAP payments provided in S. 698.

4. That the \$200 maximum moving payment for displaced persons under S. 698, section 802(c) (1), is *adequate* in most instances at the present time. However, they did point out that there were individual hardship circumstances where moving costs for a displaced household were over this figure. The relocation directors recommended that the law be made more flexible by providing that in the case of a hardship situation, documented by the local agency, a moving payment could be made in excess of \$200, subject to review of the federal agency.

5. That compensation for property loss for *displaced households* be provided under S. 698. It is currently provided under Section 114 of the Housing Act of 1949, but *not* under the proposed bill. It is recommended that compensation for property loss be separate from the moving payment, section 802(c) (1), and that it be up to \$200 for any documented property loss.

Additional recommendations on business displacement (Secs. 802, 805 and 807 of S. 698)

NAHRO suggests the following provisions for business relocation:

1. *For all displaced businesses which relocate.*—

a. Payment of full and documented moving expenses.

b. Payment for documented direct loss of property, up to \$5000.

c. A flat *displacement payment* equal to the average net annual earnings of the displaced business or \$5000, whichever is lesser.

2. *An optional fixed payment for displaced businesses which relocate.*—As an option to the provisions of 1, a total fixed payment equal to the average net annual earnings of the business or \$7500, whichever is lesser.

3. *For businesses which go out of business.*—A “going out of business” payment, when this is a result of displacement, equal to the average net annual earnings for a *two-year* period, or \$10,000, whichever is lesser.

Congressional intent and flexibility in relocation program administration

In the two-day discussion on May 16–17, the relocation directors continuously came back to questions about the spirit and intent under which relocation assistance payments are administered. They reported their local experience indicated that because of the detailed requirements in the existing Federal law (and likely in the proposed S. 698) auditing by federal agencies of local relocation practice often became over-detailed and negative. The group recommended that the Subcommittee on Intergovernmental Relations consider in any revision to S. 698, the elimination of detailed provisions which can be handled through administration, with more flexibility, and the inclusion of the following points in its report on S. 698:

1. That the intent and spirit of title VIII, Uniform Relocation, is to make the statutory assistance available to displaced households or businesses with the least cumbersome administration;

2. That it is the intent of the Congress that displaced businesses and households *receive* assistance and that the emphasis should be on qualifying (not disqualifying) eligible recipients;

3. That the local administration of relocation assistance be flexible in terms of providing assistance in the survey and planning period of public development activities, as well as making payments *in advance* of actual moving, if necessary to meet hardship situations;

4. That the auditing of relocation practice be made in the spirit of 1, 2, and 3 above.

TITLE IX OF S. 698—UNIFORM LAND ACQUISITION POLICY

The local relocation directors meeting in Washington on May 16–17, had the following suggestions and additions to NAHRO testimony.

Section 904 of S. 698 provides for reimbursement of settlement costs on federally acquired property, but not property acquired with Federal assistance. This same section should apply to properties acquired with Federal assistance.

Correction in act of the State of Maryland (No. 365), which NAHRO filed with its testimony: The compensation included in this Act, as finally passed by the Maryland Legislature was \$5,000, *not* \$3,500 as contained in the original bill, as filed by NAHRO.

LIST OF LOCAL PARTICIPANTS IN NAHRO RELOCATION WORKSHOP, MAY 16-17, 1968,
WASHINGTON, D.C.

Oswalda Badal, Director of Relocation, Chicago Department of Urban Renewal.
John Baylor, Relocation Supervisor, Urban Renewal Agency of City of Austin, Texas.

Ray Call, Director, Family Relocation, New Haven Redevelopment Agency.

Ray Carrasco, Relocation Supervisor, Sacramento Redevelopment Agency.

Arthur G. Christensen, Assistant Director of Relocation, Baltimore Urban Renewal and Housing Agency.

Frank Coopa, Jr., Cumberland, Maryland, Urban Renewal Agency.

Charles L. Davis, Relocation Officer, Saginaw, Michigan, Urban Renewal Division.

Charles M. Dunlap, Director of Relocation, Louisville, Urban Renewal and Community Development Agency.

Jerry Elsinger, Commercial Relocation Officer, Chicago Department of Urban Renewal.

Ed Emerson, Des Moines Department of Urban Development.

Charles W. Fairley, Director of Project Operations, Redevelopment Commission of Greensboro, N.C.

Joseph Howard Grigsby, Chief, Relocation Branch, Atlanta Housing Authority.

Cliff Hardy, Director of Relocation, Miami-Dade County, Department of Housing, and Urban Development.

Howard Heller, Executive Director, Portland, Maine, Redevelopment Authority.

Luther W. Hemmons, Director, Relocation and Management Division, D.C. Redevelopment Land Agency.

Francis Hickey, Relocation Officer, Brookline (Mass.), Redevelopment Authority.

Dorothy Holtz, Director of Relocation, Minneapolis Housing and Redevelopment Authority.

Mr. Kupper, Rehousing Bureau, Philadelphia Redevelopment Authority.

Ted A. MacDonell, Chief, Relocation Community Relations Division, Fresno Redevelopment Authority.

Lawrence Miller, New York City Housing and Development Administration.

Joseph A. Miltrano, Jr., Chief of Relocation and Property Management, Rochester Department of Urban Renewal and Economic Development.

Marvin Nesbitt, Director of Relocation and Property Management, Kansas City, Missouri Land Clearance for Redevelopment Authority.

Francis O'Connor, Relocation Officer, Brookline, Mass., Redevelopment Authority.

Peter Riemer, Deputy Executive Director, Redevelopment Land Agency, District of Columbia.

Homer Saunders, Director of Relocation and Slum Site Management, Detroit Housing Commission.

Joan Smith, Assistant Director, Family Relocation, Boston Redevelopment Authority.

G. Ronald Smith, Family Relocation Planner, Cincinnati Department of Urban Development.

Philip C. VanSoelen, Director of Relocation, Seattle Urban Renewal Division.

Warren Swartzbeck, Housing Specialist, Philadelphia, Office of the Mayor.

Robert Tobin, Director of Family Relocation Services, St. Paul Housing and Redevelopment Authority.

Marian Yankauer, Director of Relocation Division, Massachusetts Department of Commerce and Development.

Senator MUSKIE. Our next witness is Prof. George Sternlieb, research director of the Graduate School of Business, Rutgers.

It is a pleasure to welcome you, sir, this morning.

**TESTIMONY OF PROF. GEORGE STERNLIEB, RESEARCH DIRECTOR,
GRADUATE SCHOOL OF BUSINESS, RUTGERS—THE STATE UNI-
VERSITY, NEWARK, N.J.**

Mr. STERNLIEB. Thank you. Given the time pressures and many other things which I know you have got to do today, let me be as brief as possible.

I have already submitted a statement which summarizes my thinking and I would like to add to it a very few comments which are open to question.

First of all, I think we have to view relocation as a constant, not a temporary, occurrence, and certainly not a response to some phenomena that is going to go away. It is incumbent upon us to accept this fact, and I think this bill is a very important first step in the direction of developing appropriate methodology in governmental relationships which bring us ready for the 21st century.

We are going to have more relocation. We are going to have relocation not merely as a result of urban renewal and highway programs, we are going to have relocation, I think increasingly, because of technological shift, and right now we simply do not have the methodology appropriate to cope with this.

We have had some experience, some which I know you are familiar with. For example, an Armour meatpacking facility closed down. The company was willing to move some of its workers. There simply was no adequate governmental aid in terms of advisory services, know-how, and housing market analyses to facilitate this.

In the area which I am from, New Jersey, we had the closing down of the Mack Truck facilities. We had 3,000 workers put out of a job. I do not think it is coincidental that Plainfield was one of the cities in which there were significant riot activities. Again, the company was willing to move a significant number of its workers. There was no facilitating matrix that the company unions could turn to to facilitate this interstate move.

I am perhaps casting a rather long net here, but I am reasonably sure that the know-how gained through this type of implementing legislation will have its greatest significance in the years to come not as a followup of urban problems and rural problems, but because of technological dislocation. This means that we cannot simply put the program into the mainstream and think of it as being a finished program. What is required is a continuous updating and auditing of our approaches (and in the area of auditing I must say that Government facilities in general have been lugubriously bad).

We simply do not have adequate statistical information on what has happened as a function of relocation. This has permitted a variety of nonsense type appraisals of relocation, among them that all relocation is bad. If we view this relocation challenge as a constant, I think the necessity of accompanying it with continuous auditing procedures is very clear cut.

I have some comments which are specific, actually, to Mr. Hughes' suggestions on the bill. I have stated these in brief form at the tail end of my testimony. Let me leave those stand for the record and receive any questions which you might have.

Senator MUSKIE. Thank you very much. I do have a few questions.

If I may say, we do have more and more pressure of time, but I want to be sure I give you at least a minimum.

The Bureau of the Budget in its testimony last week objected to the full 100-percent Federal financing of relocation payment up to \$25,000. You refer to that as a disastrous step. I wonder if you would want to elaborate on that?

Mr. STERNLIEB. Certainly.

Senator MUSKIE. The consequences of that in Newark and in other cities?

Mr. STERNLIEB. Yes. Our problem, it seems to me, is a problem of concept, of thinking through what is happening and what has happened. We thought of urban renewal as a response to an essentially local phenomena. If the local area wanted to do something about urban blight, why, the Federal Government would extend some aid. But it was still, essentially, a local responsibility and a response to local problems. I think the absolute frequency of these problems, the universality of these problems, increasingly makes us aware that this is not the disease of a particular area, but rather a national problem.

Relocation is merely the handmaiden of our response to this problem.

The local facilities, the local governmental units, have as part of this problem the fact that they are going broke. One of the things that is impeding urban renewal efforts right now is the fact that generous Federal Government provisions still require these close-to-bankruptcy local facilities to share substantial parts of the cost of what is essentially now, I would repeat again, a national problem. And we ask the government unit that cannot repair its schools, that cannot collect its garbage, that cannot pay its teachers, that is basically going out of business, we say to it, yes, cure yourself, but you are going to have to pay.

Now, if local government units cannot cover their operating costs, much less increase their essential capital budgeting costs, it seems to me, it is a step in the wrong direction.

Senator MUSKIE. Mr. Rafsky earlier this morning referred to the fact that relocation payment and assistance begin only when an agreement has been reached between the Federal Government and the localities to receive it. As far as I know, no assistance is available during the planning stages. What experience did you have in Newark with this kind of problem?

Mr. STERNLIEB. Experience which I think confirms the importance and significance which Mr. Rafsky has placed on this point. For example, one of the basic causes of the Newark riots was a very significant area of dislocation which was projected as a function of this medical school dispute.

We have had ads in the Newark newspapers saying, "Are you located in the Federal school site? Come to real estate agent X. We have apartments for you." "You better get out of the real estate in the medical school site, come to agent Y."

We essentially have blasted about 40 percent of all the people out of—not merely the site which was ultimately decided on, but out of the 150 acres that was initially projected. In the actual area now decided on for the medical school site in 1960 there were approximately 5,500 people. By the time the Newark Housing Authority, which is the Newark Urban Renewal Administration Agency, took a head count.

and this by the way was prior, once again, to there being an official declaration that this was the site and that relocation payments would be made, there were approximately 3,300 people.

Now, this is an area which has a relatively tight housing market. These were people who basically had been displaced as strongly and as thoroughly as if their houses had been bulldozed. Our problem is that once an area becomes known as an urban renewal area, and let me use that term "known" in quotes, you begin to get a pattern of high vacancy rates, and as your vacancy rates go up, your landlords reduce their maintenance because the building is going to be taken.

We have had shocking experience here, verbatim testimony by landlords indicating that they had been approached by the State highway people preliminary to a route clearance and told not to make any repairs. Now, whether the landlord is excusing his misbehavior in this fashion, or whether this was actually indicated, is certainly open to question. But, certainly what we do have is a pattern of desertion. In turn this has a dynamism of its own. People are driven out. The drunks, the derelicts move into the empty apartments. You get a pattern of vandalism, and the decent people simply cannot live near that.

By the time we have our area declared an urban renewal area or an area for clearance, and by the time we have implemented this most excellent legislation we have here, a very substantial portion of the people most impacted by clearance have been forced out. This is a very serious problem.

Senator MUSKIE. What is the solution?

Mr. STERNLIEB. On several levels. First of all, I think we must stop somehow, some way, this mischievous propagandizing of the local renewal authorities on what is going to be renewed. We asked some 390 landlords, are you in an area of urban renewal. Let me suggest that a good many of them were in urban renewal areas and did not know it, and a good many of them were not in urban renewal areas and thought they were, and I can understand their lack of knowledge here.

Secondly, I think once we have a serious degree of interest in an area, that we set up some degree of facilitative mechanism, if nothing more than a centralized facility that the tenant or owner can turn to for information. "What is actually going on in my area? What is the calendar? What type of Government programs am I entitled to now? What can I look forward to in the future? Who is going to buffer me? This is not available now.

Typically what we have now are two forms of alleviation. One form is no alleviation unless you know about it, and the other form is alleviation in case you do know about it. And unfortunately, many of the people who are most in need of help, are those people who are least sophisticated.

We simply have all too frequently the Government in any of its manifestations taking a very passive role. If you come, if you qualify, if you know how to fill out the forms, we will take care of you, and if you are willing to wait. But, if you do not come, we are not going to go looking for you. I would suggest very strongly this is not an arm's-length transaction, but this is rather the type of thing that one would expect from a not too scrupulous merchant trading in goods whose quality he was not too sure of.

Senator MUSKIE. From your experience in Newark, what has been the effect of fair market value concept on these land takings?

Mr. STERNLIEB. I think the fair market concept has a deceptively sound ring to it. By the very definition of fair market, we all believe it is a market, and we all believe it is fair. I think, however, its reality is that there typically is no market. Technically, the concept of a market refers to a willing buyer and a willing seller.

Now, by the very definition of the fact that I am not in the market, this means that market prices, as far as I am concerned, do not make a market which attracts me. That the sum of my feelings, affections, inertia, desire, are such that I want to stay where I am rather than sell to you. There is no one moment that all the properties in an area are for sale.

Now, the Government comes in and says at a moment of time we are going to have a market, fellows, and do you know what is going to determine that market? The fellows who did not want to stay, the last sales in the area.

Now, by the very definition of these last comparable sales, these were the people who wanted to sell, and by the very definition that I was not one of the sellers, there are sales that have no relevance to me.

Now, this is perhaps overly logistic and conceptual, but let us turn to the owner.

The fair market, at best, in concept, should be a fair market which permits him to reproduce that which he has given up, and the money merely becomes a facilitating means of exchange. The basic fact of the market is that all too frequently this simply is not the case, that in order to be a buyer on an open market rather than a seller on a closed market, he must pay more.

Now, there may simply not be available the same type of facility, the same type of conveniences that he enjoyed before.

In business we say "Well, that is his tough luck," but it seems to me that in the Government-person relationship, we cannot say that. We have a unique responsibility over and above the general concept of fair market, to provide at least fair market to the individual. It is not the individual who is profited by this program, it is the individual who is paying a very substantial part of the price for the program which has universal application, and it seems to me that the Government must bear the brunt of defending its payments.

Senator MUSKIE. What standards of measurement can be used for establishing the amount of these payments?

Mr. STERNLIEB. I think here we have to look into the reality of where will this individual go, what will it actually take him to get there, to be reestablished, to be made whole. We have to accept the fact that we have cut, at the very least, significant days out of this individual's enjoyment of his facilities, we have put him to considerable difficulty, not uncommonly, particularly amongst people who are not too learned. We have forced him to go to an agent, whether it be a lawyer, a consultant, or a confidant, and pay significant fees because of his own uncertainties. I think all of these have to be taken into account, and to the degree that we have distressed him, let me repeat again, we must make him whole. That is our basic responsibility.

Senator MUSKIE. This could be a case-by-case test?

Mr. STERNLIEB. Yes; and at the risk of being academic, which is a prerogative of the academician, after all, I do not think that administrative difficulties can be permitted to intrude on the conceptual approach to be utilized. If we do not know how to do something because of some difficulties of administering, then it is the responsibility of the administrator to find out how. That is what they get paid for.

Senator MUSKIE. Just two more questions. We provide for optional fixed payments in the bill, presumably to give poor people an opportunity to get compensation without going through the burden of administration and redtape. Do you feel that that technique as worked out in the urban renewal program is a good idea, the optional fixed payment?

Mr. STERNLIEB. Yes, sir.

Senator MUSKIE. Are they adequate in the bill?

Mr. STERNLIEB. There I have some reservations. I will not make any criticism at this moment. I can appreciate the limitations that we are suffering under. I think, however, this is an area that the committee should continually reexamine.

Senator MUSKIE. If we do not get titles VIII and IX enacted as written, do you think that we will experience any real difficulties in the results? How critical are they, in other words? How important are they?

Mr. STERNLIEB. I think they are very, very important. We simply cannot stop the wheel, we cannot immobilize our society. We are dependent on mobility. If I can turn for a moment from governmental programs which impact society and cause relocation, if we can just turn to our private business we can see the phenomenon. When we look at mobility patterns, for example, the most mobile people in our society are no longer the poor, they are the rich. The pattern of corporate relocation, corporate transfer, is a constant. In my own neighborhood, when one goes house hunting he sees Scott Paper houses, IBM houses, what-have-you houses. These houses are actually owned by corporations because they have had to move their executives.

Now, notice in those cases, in order to avoid impacting the individuals, a corporation actually takes title to a property, not uncommonly moving the wife into a hotel in the new city so that she can survey the area before deciding on a house. A whole infrastructure is built up in private industry to complement the fact of mobility.

When we look at Government action here, I think we should be somewhat embarrassed; that rather than viewing this bill as an act of generosity we should view it as a very long-overdue first step toward meeting a continual challenge. This challenge is here. We are not going to be able to stop it.

I think the waving of urban turbulence as a red flag, saying that if you do not do what we want, we-are-going-to-get-you-type of thing, has been much overdone. What is much more significant, however, is the relationship between the Government and the individual, not the Government and the protester, but the Government and the individual, and the individual's rights. Society makes us impact those rights. We have to. The roads have to go through for the good of everybody. Clearance of a slum area is required. It has to be. But, we must make that individual whole, and I think that is the important part.

Senator MUSKIE. We thank you very much, Professor Sternlieb, and that bell indicates that we are going to be voting before long. Thank you very much.

Mr. STERNLIEB. Thank you, sir.

(The statements of Mr. Sternlieb follows:)

STATEMENT OF DR. GEORGE STERNLIEB ON THE ROLE OF RELOCATION IN AMERICAN SOCIETY

INTRODUCTION

The fact of relocation is a constant on the American scene. It is the essential and faithful companion of the technological changes which are continually altering our lifeways, and the relationship between man and his environment. The necessity for relocation will not go away. There is every reason to believe that its necessity will, if anything, increase over time. Its present magnitude, encompassing more than 100,000 individuals and families, to say nothing of its future prospective growth, means that every feasible tool of analysis should be applied.

GOVERNMENTAL VERSUS CORPORATE RELOCATION

Little notice is presently taken of the executive transfer, though the role of many suburbs is increasingly to provide transient accommodations. This is accepted as being an essential part of the growth of American corporate might from a local to a national and even international level. The individuals in question typically are buffered by substantial relocation payments by their respective firms, not infrequently including guarantees against loss on the sale of their homes, travel money for their wives to aid in the selection of new facilities, and even the taking of title of their past homes by the parent corporation.

The growth of highways, the changing role of our cities, generates an equally inexorable logic in the relocation of people who all too commonly are at the other end of the economic spectrum—the poor. Here the Federal Government has a relationship with its citizenry not too dissimilar from that of the major corporation—the I.B.M., The Scott Paper, The Union Carbide with its work force. The contrast in the execution of its responsibilities, however, is unmistakable. While the corporate transferee typically has some freedom of choice—he can move or not move—stay with firm or change jobs as he will, the individual caught in the face of a highway route, or major urban rehaul, does not have this option. He is faced—and quite properly—with the overwhelming competence of the government through the medium of eminent domain. This entails a far greater responsibility on the part of the government in treating with the citizens so displaced, than is the case with the corporation.

The contrast, however, between the treatment accorded the individual by the private enterprise, as contrasted with the government, is very sorry indeed. According to a recent Wall Street Journal article, the corporate transferee is commonly securing as much as \$2,000 in benefits as a function of the shift to say nothing of the pay increases which may attend transfers.

The public transferee on the other hand, secures only a tenth of this at best. Not uncommonly as will be detailed below, he is not even aware of the benefits, modest though they may be, and must expend his very limited means to move himself with all of the attendant expenses that are involved. All too frequently the officials involved in a program do not view it as their affair to acquaint the individual with the limited benefits which the government does make available, but rather view their role essentially as a passive one, i.e., to handle calls for relocation payments only upon request.

Despite the strong wording of remedial legislation, there is still the gap between relocation aid as a right and obligation of the government as against its' being a privilege—even though at best a most modest one. Given the strains inherent in our society, this is an attitude which cannot be tolerated. Much improvement has been made in relocation procedures, but much still remains to be done.

HOUSING AND URBAN ECOLOGY

The concept of the city as being something more than an end in itself, i.e., an institution which must be reinforced in terms of its own life cycle, has been behind much renewal thinking in the United States. More and more, we realize

that the city is far less important than the people who live in it, that the advancement in life style of the latter is much more important than is the city per se.

The city is a place where the bulk of our poor presently live and, while this may change in the long run, certainly for the next half-score years, this will be true. Our efforts to bolster the city often are most costly to the poor, given their relative immobility, particularly in the face of housing restrictions both economic and social, coupled with the fact that there has been a substantial shift of employment location outside the city.

Relocation is in part the essential concomitant of efforts to bring jobs back and is frequently the essential price of providing an environment which for the overall group is substantially more satisfactory. The rapid obsolescence of much of the urban housing stock requires very substantial efforts at rectification. These too, involve massive clearance and/or rehabilitation efforts which involve relocation. This is a price which society as a whole must pay. Unfortunately, all too frequently, a very part of the personal burden is borne by those least able to support it—the poor urbanite.

GOVERNMENT AND THE PEOPLE

Government intervention is frequently called on in a role similar to that of the surgeon—cutting away the malignant, the disease provoking, in an effort to save the entity. But this relationship between the government and the people involved in the city is a most sensitive one. If the feeling arises that the government is a monolithic entity trampling over the desires and sensitivities of the individual, a remorseless juggernaut that cannot be intimidated through the weak political processes and organization of the poor, only despair and violence can result.

In this very delicate relationship, relocation practices play a major role. We have not taken full cognizance of this role. Past practices, particularly with highway location, have been callous to an extreme. Survey teams have gone into areas, prior to any efforts at formalized relocation, and have literally scared half the inhabitants out. What surveys we have of former relocation practices largely have as their universe not the total number of people extant in an area prior to the actual inception of clearance, but rather the portion of those people who have stayed past the waves of forced exodus. As such, these studies are open to criticism.

NATURE OF THE CRITICISM

All too frequently, however, the criticism of relocation procedures has been substantially fallacious. I would like to touch here on two schools. The first of these has been referred to as the "grief school." One of the basic research efforts at determining the mental outlook of people faced with relocation had as its lead question for example, the following, and I quote: "Many people have told us that just after they move they felt sad or depressed, did you feel this way?" The scale which was used to grade this obviously leading question ran from minimal grief to maximum grief. There simply was no way to rate people who might have been happy at being moved.

The second school of thought is the new radical group that feels that anything governmentally inspired must be wrong. When faced with the results of a recent Bureau of the Census study of relocatees, their basic response to its positive elements was to accuse the census bureau of being obviously biased, i.e., one government agency rating another. I do not think that this argument needs to be criticized here. It does show, however, the depth of feeling and obtuseness which can be raised on this subject.

THE DOLLARS AND CENTS OF RELOCATION

The comments of relocatees are clear on dollar cost: "The linoleum didn't fit in the new place—it began to curl. It cost me \$28 for new linoleum in the kitchen. The piece in the living room worked out alright but in the old place we had an extra bedroom, now in the living room we need a daybed that cost \$65 used." "The curtain rods when we came in were hanging by a thread." "I think the first week my husband told me we spent \$23 in the hardware store." "We had our own refrigerator but it didn't fit in the new kitchen." "You know you can't get anything for a used refrigerator, except when you want to buy one it costs a lot of money."

I could go on with these quotations at substantial length. I think if you recall your own experiences in moving, and add together all of those non-budgeted items: the cup hooks in the kitchen cabinet, the lining paper, the weather stripping for a leaky window, the new electric light bulbs and occasional fixture, the piece of furniture which doesn't work out and the new furniture which is required, the electric extension cords, and all of the other items that make a place appropriate for people to live in, that the sheer absolute inadequacy of the \$200 payment—which as you know, must also cover the actual physical costs of moving, are all too clear. We have not incorporated into this balance sheet, the day away from work which not uncommonly is the concomitant of moving. Note many of the relocatees are paid hourly, their moving day wages are not absorbed by the employer.

THE NECESSITY FOR PAYMENT REVISION

The description above certainly does not make happy reading, but notice that this prevails under the very best of circumstances. Under present highway procedures, unless the state has opted for the government program in renewal, the actual payment may be far less. Again, let me point out that these payments currently are only made for those people who hold still until the actual process of renewal and relocation is undertaken.

All too frequently, however, renewal is announced well in advance of its actuality, a neighborhood begins to empty out, landlord maintenance slips very rapidly. As vacancies occur acts of vandalism take place, the street gangs and the derelicts move in, the family, even though it may desperately need financial aid for relocation simply may not be able to tolerate the environment long enough to be entitled to it under present regulation. The ultimate payment generally may barely cover actual out-of-pocket moving costs, with nothing remaining to buffer relocation or repay personal labor.

We presently have the opportunity to reconceptualize the relocation procedure, to make it not the horrendous penalty of being in the path of progress, but rather a handmaiden of progress, a corollary of progress.

At best, there is always the feeling of dislocation. The difficulty of finding new accommodations—the increase in housing costs which are usual have not been touched on here. These factors do not rule out the necessity of relocation, they do, however, make it essential for it to be carefully structured. Certainly big government owes it to little citizen to treat him with all of the deference and consideration possible under the circumstances.

STATEMENT OF DR. GEORGE STERNLIEB ON S. 698

The remarks which have already been circulated in my prepared statement are essentially in the nature of a preamble to the specifics of the bill S. 698. May I say first that I believe the Bill to be a very important and timely piece of legislation, fully in keeping with the nature of the challenge of the problem. I can add very little to the Bill which is so clearly the product of profound thought and care and preparation. There are, however, several points which, with some diffidence, I would like to touch on. They have to do both with details of the Bill and also with the statement of Phillip S. Hughes, Deputy Director of the Bureau of the Budget, based on the release of Thursday, May 9.

ON THE PRO-RATING OF THE COSTS OF RELOCATION

Mr. Hughes suggests that the relocation costs be considered part of the land cost and pro-rated under this definition, as is the case presently for other urban renewal costs. I think this is a disastrous step in the wrong direction. The fiscal crisis of local governmental units needs little elaboration here. Suffice it to say that it is precisely those jurisdictions which are most in need, which would be most impacted by this proposal. One of the major inhibitors of renewal efforts is, and sadly enough will be increasingly, the lack of wherewithal by the local government to meet present funding requirements—much less meeting an increased burden as proposed by the Bureau of the Budget.

SMALL BUSINESS DISPLACEMENT

Title 8 of the Bill seeks to alleviate the burden of those small businesses which are impacted by relocation. The Bureau of the Budget would limit this to those "actually displaced." The argument extended seems largely to be one of convenience—it's hard to tell the degree of displacement except for those actually steam-rolled.

While I would not minimize this stricture, we cannot limit our expression of justice solely to those areas where it is easily applied. All too frequently it is the fledgling minority group business man who is most impacted by the clearing away of the patronage upon which his small retail or service establishment depends. In the course of a recent Newark survey, we secured ample evidence of this. I think it is up to HUD or another appropriate agency to define appropriate operating methodologies here with which to help administer this Act. I would not accept the Bureau of the Budget's criticisms.

BUSINESS RELOCATION ALLOWANCES

The Bill, as presented, calls for optional payments of up to \$5,000. The Bureau of the Budget suggests the actual expenses of moving plus a maximum of \$2,500. Both require income tax returns to establish the profitability of the business. Both maximum payments are related to this profitability.

Let me suggest here that if we are to err, we should err on the side of reasonable generosity. At the level of payment which we are speaking of here, we truly have reference to small, small business. These businesses do not move easily. They are frequently unique to a particular location, to a particular ethnic group, not uncommonly they have essentially grown in a fashion which makes them nontransferable.

To use a, perhaps, overly pretentious term, the small, small business of the older area of the city has a most delicate ecology. By pulling it out of its environment, we expose it to very substantial risk at best. The fact that so very many of the small businesses are not re-established is cited as proof of the fact that they didn't make economic sense and therefore, that their continuance is irrelevant, their clearance merely advancing the time of their demise. While there may be some macro-economic logic to these conclusions, they have little relevance to the individual owner and operator whose life style and income means are sustained by this type of endeavor.

The \$5,000 payment suggested in the Bill is not a windfall, but rather an appropriate indication that government is taking cognizance of this problem. Given this analysis I would seriously question the \$2,500 figure suggested by the Bureau of the Budget.

Let me suggest here that in any case the typical small owner secures many benefits which are not shown on the income tax return. To the degree that the latter is the required documentation in order to secure these payments, the latter will understate the degree of hurt.

RENT SUPPLEMENTS

Title 8, section 802(e) is, in my opinion, one of the most important contributions which could be made in the field of relocation. It provides for filling the dollar gap between the dislocatee and the requirements of the market for appropriate housing accommodations. The one addendum I would make is to the clause providing that the supplement will be sufficient (within the \$500 annual limit) to make up the difference between the new rent and twenty percent of the income of the family dislocated.

I would suggest strongly that some type of variable allowance based on the number of people in the household should be adopted here. Housing expenditures as a function of family size vary very substantially.

Subject to this stipulation, however, may I take the opportunity of commending the Committee on its resourcefulness and forward thinking.

Senator MUSKIE. Our last witness of the morning, and I do not know how far we are going to get, is Harold F. Wise, legislative chairman of the American Institute of Planners. It is a pleasure to welcome you, sir.

**TESTIMONY OF HAROLD F. WISE, LEGISLATIVE CHAIRMAN,
AMERICAN INSTITUTE OF PLANNERS**

Mr. WISE. Thank you, Senator. I have a very brief statement here.

Members of the committee, my name is Harold F. Wise. I am legislative chairman of the American Institute of Planners, the professional planning organization which now numbers some 5,000 members who are actively engaged in the professional practice of planning in the cities, counties, regions, and States of this country.

I am here on behalf of the institute to most enthusiastically support the principal measure before you: the Intergovernmental Cooperation Act of 1967.

This is essential, creative, and basic legislation which seeks to knit together and make more meaningful the Federal Government's participation in intergovernmental affairs and in the continued development of the urban areas of this country.

Title II of the bill, dealing with improved administration of Federal grants-in-aid to the States, is a very simple, straightforward, and greatly needed additional tool to improve the administration of State government.

Two years ago my office engaged in a study with the Director of the Budget and the Office of State Planning in the State of Georgia. We found that in 1966, outside of the university system, there were some 200 Federal grant-in-aid programs being used by the State of Georgia which brought \$300 million into the State that year.

One of the more interesting findings that we made in that study was that approximately 82 of the grant programs required some kind of a comprehensive plan or multiyear program as a condition to the receipt of the funds. The great magnitude of the coordinative job necessary there I'm sure you can appreciate from the fact that we found that no single filing cabinet in the State capitol or in the State office building contained more than one of these plans and yet in all cases the plans sent to the Federal Government expressed to Federal agencies the policy of the State.

Subsequent to this study the legislature did adopt new State planning legislation and reviews of Federal grant applications by the planning agencies in the Governor's office is now a matter of law and policy.

Title II would vastly improve the flow of information from the Federal Establishment to the Governors' offices and in that regard help to underpin the planning efforts of the Governors of the various States. I am not unmindful of the flow of information to the legislature as well as to the Governor's office as being equally important.

Title III is a sound proposal in this period of growing complexity in our governmental programs and a general shortage of trained manpower. Specialists working with the Federal Government should be available on an as-needed basis to State and local units of government.

We fully endorse the provisions of title IV and believe that it would be a great step forward should this language become law. It establishes a Federal policy for sound and orderly development of urban communities and permits the President to establish rules and

regulations for uniform application of urban development programs within the purview of this policy.

The many, many programs scattered throughout the Federal Establishment are sorely in need of this kind of common direction which title IV would permit.

Title V, "Congressional Review of Federal Grant-in-Aids," is a matter that has been before the Congress, as we all know, for quite some time. It is sound. Again, in the interests of coordination and making similar programs work constructively together this review should occur and the passage of title V would assist in this regard.

Title VI again, in our opinion, is a very necessary concept which would give to the President the type of authority he now has in reorganization matters but in this instance to the consolidation of similar and complementary grant-in-aid programs. We all know, for example, the very large number of similar categorical grants for community water supply, sewage, and sewage treatment facilities. These are complementary and I am sure more effective use of the Federal dollar and more meaningful use locally can be made if several of these similar programs were to be consolidated under the authority granted by title VI.

Title VII, dealing with the acquisition, use and disposition of land within urban areas by Federal agencies is the kind of legislation that planners all over the country have been seeking for many years. In short, this legislation would provide that the Federal Government would have to behave in the same manner as any other citizen is expected to behave within a local jurisdiction and conform with all of its planning requirements and the land use planning most particularly established by that locality. This is very sound legislation and should be adopted to assist the localities of the country in their orderly development.

Title VIII, "The Uniform Relocation Assistance," in our opinion, is long, long overdue. For years there have been relocation assistance programs particularly in relation to Department of Housing and Urban Development assisted undertakings. This legislation would establish uniform provisions and assistance for the relocation of persons and businesses made necessary by any action of any federally assisted program. The urgent importance of this legislation can be realized in connection with the unrest in our central cities areas today, where over the years almost ruthless actions of local, State, and Federal agencies have consistently continued to stir up the living patterns of people long established in older and decaying neighborhoods. This proposal is a humane and essential recommendation.

Mr. Chairman, I also have with me, and we would request to insert into the record, a policy statement adopted on May the 5th on equal opportunity, by the board of governors. American Institute of Planners.

Paragraph C indicates the institute's support of efforts to measure the need for and increase the supply of housing for all, and especially people of low income, both within existing communities and elsewhere in rural and metropolitan areas and to minimize the negative impacts of population displacement through the careful staging of projects.

Now, I submit you cannot talk about the careful staging of projects unless you have the essence of the spirit and detail of title VIII as

a matter of law. With your permission I would like to have this in the record.

Senator MUSKIE. Yes, the whole statement will be put in the record.

Mr. WISE. Thank you very much.

Title IX, dealing with the uniform land acquisition policy establishes guidelines and policies with regard to land acquisition procedures of all Federal agencies. Again, this is long overdue and the American Institute of Planners supports this proposal.

Gentlemen, we have been delighted to have had this opportunity of presenting to you our views on this very sound and important legislation and we urge your favorable action on the entire measure as it is before you. It will be of great assistance in the continuing difficult development job that is facing our States, our regions and the localities of the United States.

Thank you very much.

(The material referred to follows:)

PLANNERS CALL FOR EQUAL OPPORTUNITY, ENDORSE RIOT COMMISSION REPORT

The American Institute of Planners today strongly endorsed the Report of the President's Commission on Civil Disorders and called on its 4800 members to work for maximum equal opportunity for the poor and minority group members in planning programs.

The Institute's Board of Governors, meeting in San Francisco, adopted a new policy on equal opportunity which urges planners in AIP to involve the poor and members of minorities in the planning process. The policy statement calls for planning agencies, members of AIP and related professionals to work more closely with all who will be affected by their planning to democratize and decentralize planning.

The statement also asks for a conscious effort by planners to distribute costs, hardships, benefits and opportunities in their plans to eliminate poverty and discrimination against the disadvantaged and increase their opportunities.

On planning education, the new AIP policy says that curricula of planning schools must be changed to give new members of the profession the knowledge to achieve these equal opportunity goals. The statement says that the entrance of minority group members into the planning profession must be encouraged and assisted by AIP.

Finally, the AIP Policy Statement on Equal Opportunity calls for a reallocation of national resources by public and private agencies as suggested by the Freedom Budget and the Kerner Commission Report.

RIOT REPORT ENDORSED

The American Institute of Planners strongly endorses the Report of the President's Advisory Commission on Civil Disorders. We commend the Report to all members of AIP and urge that all planners in both the public and private sectors seriously consider following its recommendations as a guide in their professional practice.

POLICY STATEMENT ON EQUAL OPPORTUNITY

The American Institute of Planners supports the goals of maximizing equality of opportunity and elimination of poverty among all those affected or potentially affected by the programs and plans in whose development and execution AIP members are involved; and is concerned that AIP members use their various talents in ways which help achieve these goals.

The American Institute of Planners recognizes that planning activities and programs have not always supported achievement of these goals and that sometimes, in some places, contrary goals have dominated. We reaffirm the statement on The Professional Planner and Minorities adopted by the AIP Board of Governors on January 29, 1967, and further recognize that the Institute, as a

national professional organization, and its members have both the opportunity and the obligation to help achieve these goals through the following:

1. A reallocation of national resources by public and private agencies as suggested by the "Freedom Budget" is necessary to eliminate poverty, inequality and discrimination, recognizing, as does the Report of the National Commission on Civil Disorders, that "there can be no higher priority for national action and no higher claim on the Nation's conscience."

2. The development and implementation of plans and programs must reflect a conscious and deliberate effort to distribute costs, hardships, benefits and opportunities to eliminate poverty and discrimination against the poor and members of minority groups and increase equality of opportunity.

3. Planning agencies, members of AIP and related professionals must work more closely with all who will be affected by their planning, especially the poor and members of minority groups, to democratize and decentralize planning, and to increase public understanding of, involvement in, and ability to affect the community development process.

4. The curricula of planning schools must be changed where necessary to include educational experiences that will assure that new members of the profession will be aware of and able effectively to influence the planning process to achieve these goals.

5. Entrance of members of minority groups into the planning profession must be encouraged and assisted.

In order to achieve these goals and implement this policy, the following actions by AIP staff and membership are required:

A. Emphasize the achievement of these goals in all representations before legislative, policy and administrative bodies at all governmental levels, and private and non-public agencies and institutions.

B. Hold Chapter and Section meetings to discuss these goals and develop local programs aimed at their achievement, joining where appropriate with other organizations, seeking thereby to build broader support for Institute programs.

C. Support efforts to measure the need for and increase the supply of housing for all, especially people of low income, both within existing communities and elsewhere in rural and metropolitan areas; to minimize the negative impacts of population displacement through *careful staging of projects*; and to improve access to employment centers for low-income and less mobile population both by improving transportation facilities and reducing costs.

D. Support efforts to incorporate manpower and employment training as part of the comprehensive planning at all levels, recommending the creation of new jobs and career opportunities for the under-employed if such are lacking, and the elimination of all forms of discrimination in job training, placement and upgrading.

E. Seek funding for a demonstration project of a monitoring system of governmental programs and agencies to evaluate their contribution to overcoming poverty and maximizing equality of opportunity and to report thereon.

F. Provide the poor and minority groups with professional assistance, including knowledge and skills needed to initiate their own planning and community development programs.

G. Make data, studies, and methods used in program and project development available and accessible to all; make public hearings and information relevant to such hearings accessible to the affected and concerned citizenry with sufficient time for study prior to such hearings; make resources available to such persons or groups, enabling them to become adequately informed; and develop means for assuring that all relevant planning documents evaluate the impact of plans on achieving equalization of benefits and opportunities.

H. Develop, through the Division of Planning Education, specific incentives for the participation of planning schools in promotional efforts and the granting of scholarships leading to study at such schools by members of minority groups.

I. Supplement present Institute income from outside sources as necessary to undertake the above tasks.

J. Support an expansion of financial commitment adequate to enable programs such as Model Cities to eliminate poverty, unemployment and discrimination.

K. Through the Committee on Reformulation of the Code of Professional Conduct reflect the critical responsibilities of the planning profession for responding creatively and vigorously to the profession's responsibility for enhancing equality of opportunity.

L. Insist that all governmental agencies, through practices, public statements and directives, promote agency practices which directly encourage equal opportunity in housing, employment, and all other areas with which they deal and secure full compliance with the laws, orders and Constitutional provisions requiring non-discrimination in all federally-assisted programs.

M. Direct all AIP Divisions and Committees to develop detailed policies and recommendations needed in order to achieve these goals.

Senator MUSKIE. Thank you very much, Mr. Wise.

Thank you all for your patience.

The committee will be in recess until next Tuesday at 9:30.

(Thereupon, at 11:10 a.m. the hearing was recessed, to reconvene on Tuesday, May 21, 1968, at 9:30 a.m.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

TUESDAY, MAY 21, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9:50 a.m., in room 5302, New State Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senators Muskie and Baker.

Staff members present: Charles M. Smith, staff director; E. Winslow Turner, general counsel; Robert E. Berry, minority counsel; and Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. This committee will be in order.

We are meeting this morning to continue our hearings on S. 698, the Intergovernmental Cooperation Act and related legislation. We are focusing particularly on title VIII of this bill, which deals with the displacement and relocation of people and businesses and projects that are financed in whole or in part with Federal funds.

This legislation would establish the rule in all Federal or federally assisted programs but property may not be taken until there is assurance of available standard housing for those displaced. Also it provides for uniform relocation payments and services for those who must move their homes and businesses.

Compliance with these requirements will be a condition for Federal grants to State and local governments to undertake such projects.

We have taken testimony on this bill in the administration from representatives of State and local government, and from various private organizations.

Today we are taking testimony from those who can tell us first hand the effects of these public projects on the life of those living in the affected areas. These are the people who must give up their homes and businesses at the sake of benefits to the community as a whole.

We are looking for ways to reduce the sacrifices they must make and help them achieve new and, hopefully, better ways of life as a result of this experience.

This subcommittee can give no final answers today. The legislation before use has a long way to go before it becomes law.

It is the task of the subcommittee to hear your testimony and to give it full consideration as we prepare this bill for action by the Senate.

I can assure you that this will be done.

All right. Our first witness this morning is Rev. Canon Donald A. Griesmann, director of the Episcopal Community Center in Camden, N.J.

Father, I note that you have some witnesses accompanying you. Would you identify them for the record and then proceed with your testimony.

TESTIMONY OF THE REV. CANON DONALD A. GRIESMANN, DIRECTOR OF THE EPISCOPAL COMMUNITY CENTER, CAMDEN, N.J.

Reverend GRIESMANN. Surely. To my right is Mr. Charles Sharp, who is chairman of the Black Peoples' Union Movement in Camden, and other members of the BPUM are to his right and just to the rear; and we have also brought with us from Camden members of the other citizens groups in the city, persons who are in urban renewal projects, persons who are in the pathways of future highways, and members of the staff from the community center. Mr. Sharp will also give testimony if we have the available time, sir.

Senator MUSKIE. Fine.

Reverend GRIESMANN. I wish to thank you for allowing us to come and address you on title VIII of bill S. 698. We feel that this is an extremely important bill and faces some of the critical problems in the matter of relocation for displaced individuals and families.

We strongly support this bill, and in particular its provisions which will bring federally assisted highway construction under the requirements to provide relocation assistance contained in title VIII.

The significance of this provision can be seen in the fact that in the city of Camden during the past 2 years over 1,000 families and individuals have been displaced by Interstate Highway 76. These families did not receive meaningful relocation assistance by the New Jersey State Department of Transportation. We urge the congressional approval of this bill and will make in the process of this report some 10 recommendations.

We have mailed to you press clippings about the most racially tense period in Camden during the past decade and perhaps even further back than that; and essential to this period is the matter of relocation, urban renewal, highway development, and code enforcement. All of these issues confronted the citizens of Camden and the citizens took it upon themselves to handle them because relocation officers were not equipped to do it.

Highway development has displaced more people in Camden than urban renewal has thus far, but we must pair off city code enforcement along with the urban renewal and thus we have some 3,000 people displaced in 5 years. Because of the lack of coordination of government agencies and the lack of a mandate from Congress that the Department of Housing and Urban Development get down to the business of building houses, the frustrations of the poor have grown to a serious and tragic proportion. From coast to coast, from the gulf to Canada, we have seen a great amount of urban development, but very few houses.

The first recommendation we make is a matter of conservation of low-income housing resources. The purpose of this amendment is to make it the official policy of Congress to maintain existing low-income housing resources which are decent, safe, and sanitary.

The report of the National Advisory Commission on Civil Disorders clearly points out the severe shortage of low-income housing resources and documents the fact that government, and in particular the Federal Government, is responsible for a decrease in the number of low-income housing units.

In a report that our staff submitted to Mr. Weaver, Secretary of Housing and Urban Development, it is approximated that 3,000 low-income families have been displaced in Camden; that another 3,000 low-income families are going to be displaced under present plans by December 31, 1972. During the past 5 years only 101 new units of low-income housing have been added to the housing supply, and these are for elderly people only.

Congress must realize that under present conditions the poor consider even bad housing preferable to no housing. In our cities around the Nation individuals and families are being left homeless and thereby forced into overcrowded substandard housing or housing which is marginal and will rapidly deteriorate due to new overcrowding.

Item 2 is a matter of grassroots representation in the planning process; and we are pleased to see some direction in this particular bill. This addition strikes at the heart of the crisis in our Nation which is a crisis in democracy. Government appears to have forgotten the people, and the tension tearing at our fabric is founded in the failure of Government to provide and require that the people directly affected by urban renewal or highway construction, code enforcement, and other governmental actions be intimately involved in the planning, in the decision making, in execution, and in monitoring of programs which determine their destiny.

The law in theory requires citizen participation in the urban renewal process, but the Department of Housing and Urban Development does not enforce this requirement. The law provides for hearings on urban renewal, housing construction, and other public improvements, however, the lack of professional assistance available to the poor makes it impossible for a community to negotiate successfully with the Government which has the ability to provide countless expert witnesses and detailed studies.

These hearings are a mere formality. The poor must be given the power to enter the planning process at the stage where they can decisively affect the process; this means the poor must be involved from the beginning all the way through to the execution and construction.

I want to depart from the text at this particular point and emphasize that in Camden we have what is required by the work of a program of the Citizens Advisory Committee. The Citizens Advisory Committee are strictly members of industry and business, called the Greater Camden movement. There is no representation of the poor, no representation even of the citizens; only one member of this committee lives in the city. All the rest except one work in the city. One member is the president of John Wanamaker Co. in Philadelphia, who neither lives in Camden, nor has business in Camden; and the citizens are not part of the advisory committee. We documented this in January 1967 through a coalition of civil rights, religious, and neighborhood groups. We brought it to the attention of the regional office. We sent a letter to the President about it, and we have gotten no reaction whatsoever from HUD on this matter. We had to go

further than that to document the problems the poor have in being part of the planning process, and so we produced a 209 page report which we have filed with this committee as well as others.

We made legitimate demands in 1967, and these were never met by HUD, and all they did was say give us some more proof and we will set up some means of grievance. To this point, we have a task force in the city but no changes on the Citizens Advisory Committee.

We requested that there be a minority housing subcommittee, and this was never set up in the city of Camden. We requested it of HUD, we requested it of the city officials, and all we got was a blind look.

The basis of democracy is the Government with the advise and consent of the governed. Yet the experiences of Cleveland, Detroit, Newark, Camden, and cities across this country all testify to the fact that the people are being dictated to by the Government—Federal, State, and local—and that Government is enforcing a set of policies and programs which are premised on the economic interest of the white middle class. The poor pay the price of this economic interest. Their lives are destroyed, their families are uprooted three, four, five times in a decade. When housing is found for poor people it is normally in the pathway of another urban renewal project, or in the pathway of a highway.

Friends are lost as neighborhoods are torn asunder. Children's education is interrupted as schools, teachers, and grades change with each move. Small businesses are destroyed. Homes are taken. Individuals and families are left homeless and forced into substandard housing. New ghettos are created in the marginal housing which becomes overcrowded. The elderly die.

We followed the pathway of Route 76 in the city of Camden over a period of 3 years. The families were not given relocation assistance. They were directed to the board of realtors—for blacks and Puerto Ricans to be directed to the board of realtors is to direct them to prejudicial people.

The Board of Realtors in Camden County sent out lists to their members of families being displaced—blacks and Puerto Ricans—on a mimeographed list. Together with that list was a red, white, and blue broadside presented on a national level saying, "Let us fight the President's open housing law. We did it last year. Let us do it again."

What kind of treatment can be expected by the poor—the black and Puerto Ricans—when their names are presented by a board of realtors who are fighting the open housing law. The New Jersey State Department of Transportation referred people to a few agencies, and then the national group, the Federal Department of Transportation says all the families were referred to the relocation office of urban renewal when this, in fact, was not done.

We find that urban renewal and highway construction are displacing people without adequate relocation plans. The poor cannot live in the housing; the educational failures in our cities precludes the poor from going to the universities which urban renewal is building; the cultural horizon centers that urban renewal is building are of the white middle class; and the poor cannot get the jobs in the industry and the businesses that are being constructed by urban renewal funds.

In Camden the first urban renewal project replaced homes with cleared land for industry. The Negro leaders of 1958 and 1959 were told to support the project because it was for homes, but it is earmarked industry. After 10 years all we have is cleared land, no industry has been built there. We are told another 15 years would have to go by before the industrial use would disappear. No one has built a thing on it.

Another urban renewal project was a luxury apartment with rents over \$100 a month. For several years taxes on that apartment building were reduced because occupancy was low.

Next an office building was constructed. Now, the developer is bankrupt, and one of the biggest tenants of this building is our own housing authority who is supposed to take care of public housing and urban renewal.

Three new schools were constructed in our neighborhoods—the black, Puerto Rican neighborhoods—without blacks and Puerto Ricans being involved in the planning. We, the people, were told the old schools would be torn down for the new ones, but the projection of student population was too low and some of the old schools are still standing and our children still go to them. This is in a city that has won an award for urban renewal. We would point out that the award was given by other planners.

Rutgers University has displaced hundreds of Puerto Rican families in 1966 in the city of Camden. No Puerto Ricans could get into public housing. We had to go to the streets and march an entire summer in order to integrate public housing in 1966 in the city of Camden. It was only after all those marches and raising a lot of sand that integration occurred.

The educational system of Camden does not prepare the Puerto Ricans who were displaced to attend Rutgers, nor is Rutgers involved with their neighbors.

Now, we have got a Northgate II project which is displacing over 300 families for apartment units with 300 to 400 apartments which will rent over \$100 a month and up. Mr. Sharp will give you some testimony relative to the problems of the families in that area.

The only new units created for the poor have been in one apartment building for the elderly.

Now, highways. Highways are the new conversion of the former low income housing, and they are for easy access of the white middle class to escape the city at 60 miles per hour back to the suburbs that the Federal Housing Administration has built since the Second World War. Highways are built to rush suburbanites into the cities for employment, athletic events, and entertainment, and out of the city in order to live.

Twenty years ago the New Jersey State Department of Transportation bought houses in South Camden for a highway. Many of these houses were demolished. Just a few years ago the route was changed, so that today vacant land stands where, under existing FHA rules, no houses with offstreet parking can be built without displacing more families. A street that could have been rehabilitated is now a pock-mark in our community. This is not only an issue of poor planning and development, but it is also an act of civil disorder by the civil authori-

ties; this is legalized looting of houses and vandalism of our neighborhoods.

The history that we have seen in Camden is a history of broken promises, of lies, of added disappointments, and frustrations to the black, to the poor, to the Puerto Ricans.

Inherent in much city planning is the view that Government supported programs are designed to revitalize the city, to build up a new economic base; but that economic base is being built on the backs of Puerto Ricans, and blacks, and the poor.

In Camden the blacks and Puerto Ricans have been denied the opportunity to participate in the formulation of the city's redevelopment plans. The mayor of the city has refused and continues to refuse to recognize community groups, valid and alive, formed by the people for the purpose of improving their neighborhoods and rebuilding their city.

The model cities application submitted on April 15 of this year to HUD was prepared without the participation of the black and Puerto Rican communities, the mayor did not give his planner permission even to speak to those community groups.

Part three is a matter of the result of the displacement and housing relocation. At present there is not any mechanism to coordinate the various federally assisted programs and their effects on housing. The workable program of the U.S. Department of Housing and Urban Development is totally ineffective in regulating displacement in housing resources for displacees.

This is so first, because HUD fails to enforce the legal requirements enacted by Congress for a workable program with respect to housing for displaced persons.

And second, because HUD has no control over displacement caused by programs assisted by the U.S. Department of Transportation.

It must also be noted that the multiplicity of stages in the urban renewal process under title I confuses and clouds the relocation resources question. We have found that HUD requires a 100-percent survey of an urban renewal area to have some clear understanding of who are going to be displaced and what kinds of resources are going to be available in the community in the city. We have found that these surveys are 3 years prior to the execution of a project.

So a 100-percent survey of a community today is not a 100-percent survey of a community 3 years from now when people are being displaced, when they are being moved out of their homes. Once that survey comes into a community, it warns some families that it is time to move, and the whites find their excuse to move out immediately, and then to rent the property to blacks and Puerto Ricans without doing repairs. It warns housing inspectors to be lax in the enforcement of codes in the city.

This is seen in our city time and time again. The chief housing inspector in our city said "We cannot go to that urban renewal project even to inspect the acquired properties. We do not have the staff to do it, and there is no sense forcing the landlords to fix it up because it is only going to be demolished in a year or two anyway."

The resident turnover in 3 years is great and a totally inaccurate view of the needs and resources is the result. This is the case with respect to the Northgate II project in Camden, and this is true also in all other projects that we have seen. Urban renewal does not take

into account what a highway does in the same city. The urban renewal project was OK'd by HUD and then the highway department came in and this caused displacement of 1,000 families, totally disrupted the finding of houses in the city.

We reached the saturation point where families could not find decent, safe, sanitary houses, and the urban renewal relocation office could not move them.

No. 4. This is by title. We think that HUD ought to be the one to administer this last proposal of point three. Let us at least get it centralized so we know who in the world we have to fight if there are goofs.

No. 5. The property adjacent to a redevelopment project is sometimes an extremely important issue. Small businesses and neighbors next to a highway development face serious problems, and we feel that there should be—should be relocation offered to these families if they want it.

The rubric under the present bill 698 is a "may" rubric. We would like to see that changed to a "shall" rubric. The offer will be there and the option will be left with the people rather than with the head of the agency.

No. 6. In this part of our statement, our concern is for this matter of present and future displacement in relocation resulting from these programs, and it begins on page 13 with our testimony relative to it. This proposal is specifically designed to place responsibility for displacement in housing resources in one official, the Secretary of Housing and Urban Development; to provide an effective mechanism for enforcement of the legislative requirements of this act; and to insure coordination of all Federal programs displacing individuals and families.

As already indicated, there presently is no effective coordination in either the planning or the execution stages of governmental actions which cause displacement and decrease the supply of low-income housing. Neither HUD nor DOT can effectively control displacement caused by federally assisted highway construction, since both Departments lack the power to cut off Federal assistance for highway construction on the grounds of lack of replacement housing.

The U.S. Department of Transportation is powerless under present Federal law, since highway departments are required to render only relocation advisory assistance. The New Jersey Department of Transportation is using Federal funds and did contract with the Camden Housing Authority to relocate some families, but the guidelines for the referral and services have been unclear.

We think that relocation offered by highway departments should have the initiative in the highway department to seek out the families. What is done in New Jersey, at least, is that letters are sent to the owners and to the tenants saying that the relocation assistance is available and if the family takes advantage of this, they are shown the local newspaper which they can read for themselves.

As I pointed out, agencies. We think the initiative should remain with the Department of Transportation to go from door to door in the service, not to set up a referral agency. The poor have agency fatigue. They are referred to death from welfare department to welfare department, from job placement to job placement, from training pro-

gram to training program. And here comes another referral agency sponsored by the Federal Government on a matter of relocation, which seriously affects their lives. The letters that were sent out were not sent out in Spanish. The Puerto Rican neighbors had no idea what was happening.

We feel that the psychological problems, that the malaise of poverty are serious enough that the Federal Government should use their resources and have the initiative to assist families in relocation.

Only one out of six people were referred—displaced by the highway—were referred for relocation assistance. This is bad news. One family who owned their own house, an elderly couple, bought it back in the 1920's, they wanted to die in that house. A woman had a leg taken off. She could not hear, she could not see. She knew where to go in that house. The highway department came along and said you have got to move. We are going to take over your house. You can get another mortgage. They ended up in an apartment building out in the suburbs where they did not want to be. This woman died a week later after moving. She was heartsick over this house. She wanted to die in it, but because of the need for a highway, Highway 76, with two exits in our city—that is all it is going to bring to us—two exits—and we have to have families separated, people moved, people offered faulty prices for their houses; and this we have documented in that large book that we sent to you back in February.

The bill before this committee goes part way to resolve the problem of bringing highway construction under Federal requirements to relocate highway displacees. The only time we have seen coordination is when we raised “sand” in the city of Camden over the past 3 weeks. When we picketed, when we marched, when we moved a family out of an urban renewal development and put them in a hotel, when a lobby of a luxury apartment was damaged, then man, we saw action.

HUD came in, started making recommendations, the Department of Transportation said we will not move any more people. We will hold it up for a month. We see now the Justice Department coming to Camden. We see community affairs from New Jersey coming through Camden. Health, Education, and Welfare coming into Camden. All because of things happening. But we had to go to the streets to produce that kind of result. We screamed this way until ultimately, legitimately, and in print with the pen and mimeograph machines in January of 1967 and before that, but only when we demonstrated, could it be demonstrated the Federal Government can move.

We saw redtape cut these past 3 weeks. Programs that the city has not even applied for are now funded—in 3 week's time. Now, how come? How come, when we raised “sand,” we get these things done?

We believe that the Federal Government can do almost anything it wants to do, but does it always want to do it? The Department can do anything they want to do, but they do not want to do it. Camden is one of the fortunate cities. No rioting. We have not had one. We do not want one. But there are some people who could go through that change if that is what it needs to bring the Government to heel a little bit to the people and their needs.

Congress has to mandate this coordination. We should not have to go to the changes we went through to produce a mandate of coordina-

tion between highway departments, HUD, the Justice Department, and the rest of them.

To finish up—because you can read the rest of this testimony—during the past 5 years the fight in Camden to represent the poor has been met with derisive comments. The power structure has steadfastly maintained that the progress they planned must be obtained even at the expense of human beings. We do not believe that progress can be obtained at the expense of people. To trample all over and to destroy people is not progress.

Today we have asked you and this Nation to do some very difficult things. Pay attention to what the people are saying, pay attention to what those who are being displaced have to go through. They are suffering badly because of your programs. There are powerful economic interests alined against these proposals. The head of the housing authority in the city of Camden is a man named McComb, no big name here, but it is a big name back home, because he is the head of the Central Labor Union. So he heads up the housing authority and the Central Labor Union. We know where the contracts are going to go for urban renewal. They are going to go with the companies that his union are in. We cannot get this man off that housing authority. We have got two to resign this past week. The Governor changed one of his appointments for us, the city council is supporting our request to get rid of the other two. We would like to see the Federal Government maybe getting involved with the support of black construction companies, black labor unions. We would like to see black architects plan the poverty areas, because black people know what is happening. They know what is happening in their communities.

The problem of urban renewal is that those who do not live there are planning it, are executing it, and are making the money at it.

The talk in the inner city is either they stop doing this stuff or we will stop them our own way.

Either urban renewal comes our way or it does not come at all. We of the inner city do not trust urban renewal. We do not trust it because we have never been allowed to participate in it. We do not trust it because we have seen it destroy people. We do not believe that you have a workable program. We do not believe that HUD enforces workable programs. We know it, because we have seen it in action. Across this country in Harlem, in Bedford-Stuyvesant, in Watts, South Philadelphia, and North Camden, people are willing to say and to back it up, "No renewal unless we do it."

We believe that the Government must act to help all the people—all of them to live better and more meaningful lives in our complex urban society. The Government is acting without the advice and consent of the poor, and without the advice and consent of those who are suffering because of their programs. The America of the poor is disenfranchised from our voice even in the advisory capacity, let alone in the decisionmaking capacity. The distance between this disenfranchisement and disenchantment is now indistinguishable. We of the inner city, white, blacks, Puerto Ricans, Mexican Americans, Indians—we need homes. We want to build. We want to build now. Set us free and include us in on all of this.

We are getting some of our problems solved in Camden, but we have had to raise sand. We can get a lot more accomplished, though,

if you the Congress start acting. This is a matter of survival to us and this is exactly what it is—the need to survive. The days of reminiscing for us are over. We can no longer talk about the old days. We cannot hold cocktail parties and card parties. We are trying to make it. We need a new module. We need a new value system, a new survival kit. We want the option of living in the city or moving out. Some of us love city life and we want to stay, and we want it right. At best, all of us are strangers in this land, and at least help us live in safe, decent, sanitary houses.

We have come to help you straighten out your programs. You are kind of messed up.

Mr. Sharp?

STATEMENT OF CHARLES SHARP, CHAIRMAN, BLACK PEOPLES' UNION MOVEMENT

Mr. SHARP. Thank you.

My name is Charles Sharp, chairman of the Black People's Union Movement in the city of Camden, N.J.

The purpose of this organization is to see that black people receive adequate representation, something in which we black people in the city of Camden have not received on all levels. Educationally we do not get representation, economically we do not have representation, politically we do not have representation. About this urban renewal—needless to say, there is no representation.

Urban renewal is a big problem in the city of Camden, N.J. Needless to say, it is a problem all over America, maybe because it deals with black people. The removal of black people. But I have to confine my comments to the city of Camden, because that is where I am from—my roots are there. And we, the black people of the city of Camden have been pushed into a pocket, a pocket that is filled with disease. It is a cancer and it is eating at us and it is going to destroy us unless we, the black people take the necessary steps to alleviate this problem or to alleviate this disease.

We want to live. We have a need to live. We want to raise families. We want to educate our children. We want to be able to, on a sunny day, sit out in the park and enjoy the sunshine, the flowers. How can we do this in a white power structure in the city, in the state. And the national Government refuses to hear the plea of the black man; and by now, giving us some sort of attention, you are forcing the black man to do the only thing that is left to do, and that is to go into the streets and fight. Either free himself or kill himself.

You, the Senator, this committee, these committees—you have a chance to free yourself as well as free black people. And the only way that you can do that is to pass the laws that you can pass. You wrote up this bill which you had to have a vote in which to pass it, and it was passed. But you will not write up a bill and have it voted upon so that it will be a workable bill. This is not workable. I do not understand the legality or the technicalities of this bill. All I know is that black people are suffering; for instance, the Shields family—Mr. and Mrs. Shields, who lived in the city of Camden, who were asked to move from their home because the highway was coming through. They moved from one location to another location—from one dilapidated building

to another dilapidated building with 10 little black babies who were innocent, who were unaware of where they were going, or what was happening. We heard of this family and we knocked on their door one Wednesday night; and we went into their home, which was supposed to be a home—it is a hole in the wall. The electric was bad. The gas was bad. The children were crowded into one room. Roaches were from wall to wall. Rats were running around like fish in a pond. This was the home that they had been relocated into by the white power structure, because who was relocating them? The white power structure. We took it upon ourselves to remove this family from that house and put them into one of the city's hotels—the Walt Whitman until we could send the bill to the city. It was from the movement of that family that created the chain of events which evidently led to this meeting today. It is too bad that the Shields' had to be sacrificed, but they were sacrificial lambs. They sacrificed themselves. The children do not know it, perhaps 10 years from now their mother will explain it to them, or perhaps they should read it in a book if you should write a book about the city of Camden.

But before the Shields' could get a home the black people in the city of Camden, along with some white people in the city of Camden had to march down to Northgate One which is a luxury apartment, which is half empty. And it was then and only then, that the Shields' received a home. They were given a choice of three homes, and they accepted one in the section of the city called East Camden. They were to move in this house on Monday morning, but the white racist society that lived in East Camden burned their house down. They burned it down. So we had to go back into the streets and demand that the Shields' receive a home. This time a very beautiful and a very livable home was found for the Shields' and now they are stationed in a home.

About Northgate One, the land which this building was built on was also the land of the poor, the poor people who have to move from their homes in order that this luxurious apartment built for white people, because black poor people cannot afford to pay one hundred some odd dollars a month for apartments. There are people in my city that are struggling to pay \$40 a month for rent.

I do not really know what I can say to you because all the things that I have said have been said many times before by me, by the Reverend Dr. Martin Luther King and by all of the black leaders who are fighting for freedom, justice and equality for black people, even for poor people.

You may be wondering why I use the term "black people" so much. It is because I am a black man and I am concerned about black people. I am very concerned about my people and my people must be free, and you are the ones that can lead them to the road of freedom, because if you as a race of people here in America ever hope to remain free, you must in turn free the Nation's people that are not free. We are not free. We have never been free here in America. We have been slaves and we worked and you did not pay us. We prayed to you and you did not hear our prayers. We begged you and you did not answer. We have fought for you and you ignored us. Now you leave us no alternative but to fight you. We have to fight you, come what may, because we are determined as a people to free ourselves because we know what we

can do. We want to create like the white race created, because we are creative people.

We do not just want to be the bricklayer, we want to be the designer of the building, the architect.

We do not just want to be the pilot of the plane, we want to be the designer of the plane.

Do you understand what I am trying to say? These are the things that we feel. These are the things that we know that we must have to do. We have to do these things. We have to establish our identity. We have to regain back our culture. We have to get our stolen heritage.

These things have been denied us too long as a people and we are hungry. We are starving. We are crying inside and white America refuses to hear us. She only hears us when she gives us a demand and we reply. But when we give white America a plan, a demand, we are shot down, like the Reverend Martin Luther King.

He was a great man. He was a man the white people should have listened to, but he was shot down with a bullet from the white racist society. It was not only one white man that pulled that trigger; it was all white men, because all white men are part of the white racist society.

You were born into it. Your foreparents were the seed, were the bearer of the racism that has embraced America and the world over. You are making black people the victims of your ignorance, of your stupidity. And we have done nothing. We have done nothing and yet we receive nothing.

Senator, I am not a begging man because I believe in fighting for what I want. I am like any other human being. I have fears and I want to live, but I will die for what I believe in. I will die for the liberation of black people. But you can save my life as well as 22 million black lives. Pass this bill.

Take the old bill and tear it up, write a new one. Use your power and your influence along with your colleagues and make this Federal Government, the city government, the State government enforce these bills and see how the black man, once he is given the chance, can come and be a credit and helpful to America. Because we are nothing to ourselves and needless to say, we are less than that to you, because you do not consider us to be men.

Most of you consider us to be less than human, an animal. They say we are apes, monkeys, but I know that I am as great as any white man that ever lived, any white man that will ever live. I know my brothers are just as great. And needless to say about my black sisters—they are also great.

But they want to contribute; if not contribute to white society, then allow them the opportunity to contribute to a black society, because we were once creators. We come from a very lucrative and creative land. We come from the land of Pharaohs, the sphinx, the pyramids. These were our forefathers. But you do not tell us that. We know they were our forefathers and they were great men. They have achieved great deeds which no civilization has been able to surpass.

We are offspring of these people and we want to be able to create the work which they created. The only way they can do it is that white America has to give us the opportunity—give us the opportunity, because if we go one step, white America goes two steps. She cannot be a loser. She is a winner.

As long as she refuses to harken to the supplication of the black man, she is a loser; she is done. She is the city of Babylon they speak of in the Bible and the cities of Babylon will fall and America will fall unless she takes heed of the black man's plea.

Thank you.

Senator MUSKIE. Thank you, Mr. Sharp.

Thank you, Father Griesmann. May I say, this legislation has been developed in the past 2 or 3 years for the purpose of trying to deal with one area of injustice. It is not perfect legislation, but I think it has much in it to commend it. We will give serious consideration to the suggestions made by you, Father, this morning as we shape the legislation.

We have known, of course, over the years that we have worked on this legislation, of the injustices that have been created under the programs of urban renewal, highway construction, and so on. The Senate passed this bill in the last Congress, but we did so without a record that was what I thought adequate of the injustices with which the bill was intended to deal. We had your report on the situation in Camden. It was in our file. But we thought we ought to have public hearings in order that these injustices might be exposed to more complete public view.

That is why, Mr. Sharp, we invited you to be here this morning. We did not need this public hearing to be aware ourselves of the situations which encumber you and your people. We needed the public hearing in order that others may be aware of them.

Your full report which Father Griesmann has submitted to the record is part of our files. It is available for public view.

I do not know to what extent we ought to get into further details, Father, this morning. I think there ought to be included in the record and we will include in the record without objection tables showing the schedule of families which have been displaced in Camden by governmental action over a 5-year period ending December 31, 1967; another table showing those families to be displaced by governmental action in the next 5 years; another table which is a review of the available housing in Camden and the physical conditions of houses in Camden; another table showing a schedule of houses planned for Camden in the immediate future.

With that conclusion, this statistical information fully documents the story you have told us in more human terms here this morning. Some people are more impressed by statistics than by rhetoric, so the statistics will be included in the record.

(The tables referred to follow:)

TABLE A.—*Schedule of families displaced by governmental action in the 5-year period ending Dec. 31, 1967*¹

North-South Freeway (Federal assisted highway)	At least 963 families and as many as 1,200.
Code Enforcement-----	At least 625 families and as many as 800.

¹The statistics in this table are based on information provided in Camden's last two Workable Programs and on information provided by City officials.

(This figure is based on information provided by the Chief Housing Inspector of the City of Camden. He has indicated that his department has displaced approximately 125 families per year for the last several years. In April his department was operating at about a 25% increase over last year's rate of inspections due to the pressures for code enforcement generated by the grass roots. This was before the City of Camden received a grant of \$300,000 from the Department of Housing and Urban Development for 18 new housing inspectors and before the enactment of a new, more stringent property maintenance code. The inspectors completed their training in September. An increase in displacement rate can be expected for the remainder of 1967 and 1968. These figures for code enforcement do not include displacement occurring as a consequence of action taken by the Department of Health, the Building Inspector, and for Fire Marshal, all of whom have the authority to declare property unfit for human habitation.)

Camden Campus Area-----	71 families.
Bergen Square No. 1-----	30 families.
Cooper's Point No. 1-----	41 families.
Northgate No. 2-----	375 families.
Lanning Square No. 1-----	80 families.
Centerville Liberty Park 1-----	80 families.
City Centre-Route 150-----	52 families.
Northshore -----	Estimate 36 families in 1967. 1967-68 total 72 families.
Public Housing Turnover-----	320 families.

(This figure is based on a turnover of 60 families for each of the following years—1964, 1965, 1966 and a turnover of 200 families for 1967.)

Low total-----	2, 673
High total-----	3, 085

TABLE B.—*Schedule of families to be displaced by governmental action in the 5-year period ending Dec. 31, 1972*²

North-South Freeway-----	300 families.
Industrial Highway-----	Approximately 300 families.
Urban Renewal in Bergen-Lanning Square Area--	Approximately 700 families.
Pyne Point, Cooper's Point and Center City-----	No estimate.

²The statistics in this table are based on information provided in Camden's last two Workable Programs, Camden's Comprehensive Plan prepared in 1962, and on information provided by City officials.

(The City of Camden has just received a planning and survey grant from the Dept. of Housing and Urban Development to do a study in one section of the Bergen-Lanning Square Area. The study is to cover from Fifth Street to Sixth Street and from Mickle Street to Atlantic Avenue. At this time, according to the plans included in the GNRP for the Bergen-Lanning Square Area, the City hopes to tear down all but 12 existing buildings in this strip and construct middle income apartment housing.)

Northshore -----	36 families.
Code Enforcement-----	1,000 families.

(This estimate is based on 200 families for the next five years. It is probably a conservative estimate since it is less than twice the figure for the preceding five years although there will be three times as many inspectors for at least the next three years. Strong enforcement of the property maintenance code

could result in much greater displacement. The Chief Housing Inspector estimates that at least 50% of the housing in Camden does not meet major requirements of Camden's Property Maintenance Code. According to the Comprehensive Plan for Camden, prepared in 1962, 64.7% of Camden's housing was then dilapidated, or seriously deteriorated or deteriorating or obsolete. According to the 1960 census, one-third of Camden's housing was over sixty years old, and two-thirds over forty years old. It should also be noted that the rate of property owners abandoning their property is very high in Camden. This year over 1200 properties appeared on the City's Tax Sale List.)

Public Housing Turnover.....	200-500.
Low total.....	2,536-plus families.
High total.....	2,836-plus families.

TABLE C.—Review of housing in Camden

I. Physical Condition of Houses in Camden

Housing 60 years old or more in 1960.....	32%.
Housing 40 years old or more in 1960.....	67%.
Housing less than 20 years old in 1960.....	18%.
Housing dilapidated, seriously deteriorated, deteriorating or obsolete in 1962.	64.7%.

A survey conducted in December, 1966 by staff members of the Camden Episcopal Community Center for the Camden Civil Rights-Ministerium-Neighborhood Groups Coalition revealed in one 19 by 7 block area in Central Camden bounded by Kaighns Avenue on the South, Mickel Street on the north, Second Street on the west, and Broadway on the east, over 300 vacant and/or abandoned properties.

A survey conducted in 1966 by the Rev. Richard Whitham of the Camden Metropolitan Ministry covering the North Camden area of Camden excluding that section of North Camden to be included in urban renewal project Northgate II, revealed 100 vacant and/or abandoned properties in that area.

The City Tax Sale List for delinquent property owners included over 1,200 properties this year.

II. Goals of the Comprehensive Plan 1962

Housing which should be constructed during first five years of Plan.	3,500 units (700 units per year).
Housing which should be constructed during the second five years of plan.	5,000 units (1,000 units per year).

III. Housing Constructed in Camden, 1963 to Present

1963	34 units.
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(This includes two apartment buildings providing a total of 8 units and single family dwellings providing 26 units.)

1964	214 units.
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(This includes 8 apartment buildings providing a total of 121 units, single family dwelling providing a total of 3 units, and John F. Kennedy Towers, a Public Housing Authority Project for the elderly providing 90 units.)

1965	30 units.
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(This includes two garden type apartment buildings providing 28 units and single family dwellings providing a total of 2 units).

1966	336 units.
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(This includes three apartment buildings providing 29 units, single family dwelling units providing a total of 3 units, and garden type apartments providing a total of 304 units).

1967	347 units.
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(This figure does not mean that all these units are built, but rather indicates the total number of units for which permits have been obtained from the Camden

City Building Inspector's Office. This included single family dwelling units providing a total of 2 units and garden type apartments providing a total of 345 units.)

Total of Low Income Housing Units -----	90 units.
Total of Middle Income Housing Units ----	871 units.
Total Number of Housing Units, 1963 to present -----	961 units.

IV. *Schedule of housing planned for Camden in the immediate future.*

Three rent supplement programs sponsored by three church groups. At most 180 units.

(Participation by 1 of the church groups is in doubt.)

Housing for the elderly sponsored by a fourth religious group. Approx. 200 units.

Centerville Urban Renewal Project----- 425 units of sale housing priced at \$12,000 per house. Each house shall have a carrying charge of \$100/mo.

Centerville 221(d)3 project----- 82 units.

(This project is not a certainty.)

Northgate No. II Urban Renewal Project----- 200 units-high rise project-150 apartments and 50 townhouses. (Upper income housing.)

City Centre Project-Urban Renewal----- An unknown quantity of housing whose character in doubt; the best guess is that the housing will be upper, middle and low income.

City Within a City Project----- Approx. 4000 units of middle and upper income housing.

(This project is presently in grave doubt because of the financial problems of Mr. J. Wolman, owner of Philadelphia Eagles football club.)

CHIP ----- 6 houses to be rehabilitated, for low income sale housing with a hoped for carrying charge of \$60/month.

(CHIP, the Camden Housing Improvement Project, is the work of several business and industries in Camden including Campbell Soup, Camden Trust, First Camden National Bank & Trust Co., R.C.A. and others. It was formed in response to pressure generated at the grass roots level for action on the low-income housing crisis. CHIP is at a turning point. These 6 houses are its pilot project. If it succeeds, they hope to rehabilitate at least 100 houses a year.)

Inter-Faith-Inter-Racial Council of Churches----- 35 houses to be rehabilitated for sale housing-low income.

Public Housing----- 100 units.

(This is a second project for the elderly and should be completed by 1969.)

Total of Low Income Housing Units----- 521 units including 300 for the elderly.

Total of Housing Units for Middle and Upper Income Families. 4,707 units.

(This assumes that Jerry Wolman's "City Within A City" is constructed.)

Total of Housing units for middle and upper income families if "City Within A City" is not constructed.	707 units plus what private construction not now known is built.
Total Housing For Immediate Future-----	Between 1,228 units and 5,228 units.

Senator MUSKIE. In addition, there will be included in the record a letter dated July 18, 1967, to Secretary Weaver and Secretary Boyd, further documenting the situation in Camden.

(The document referred to follows:)

CAMDEN, N.J., July 18, 1967.

Mr. ROBERT WEAVER,

*Secretary of the Department of Housing and Urban Development,
Washington, D.C.*

DEAR MR. WEAVER: In mid-February of this year the Camden Civil Rights-Ministerium-Neighborhood Groups Coalition wrote to President Johnson.

That letter (a copy of which is included) raised several crucial points relating to Camden's Workable Program required by the Department of Housing and Urban Development and problems created by federally assisted highway construction. The problems presented were: (1) failure of the Camden City Government to permit and provide an opportunity for grass roots participation on the Citizens Advisory Committee; (2) no statistical breakdown in the Workable Program by races of individuals and families displaced by governmental action; (3) a severe shortage of decent low income housing in Camden to shelter the low-income families who comprise a majority of the residents being forced to relocate due to urban renewal, highway construction, and code enforcement; (4) the failure of the New Jersey State Highway Department to provide meaningful relocation assistance for persons displaced by highway construction; and (5) the need for federal legislation and/or executive action to impose relocation standards for highway construction programs financed in whole or in part with federal funds similar to those enforced in urban renewal programs.

In April, representatives of the Department of Housing and Urban Development, the Camden City Government, and the Coalition met in Camden. In his report of May 17, 1967, to Senator Case, Assistant Secretary Hummel stated that: "a more effective Citizens Advisory Committee is needed and in response to our request the Mayor has reactivated the Camden Neighborhood Conservation and Rehabilitation Committee and has expanded its membership to include civil rights groups, civic associations, and neighborhood groups." Unfortunately, the Mayor's appointments to this committee have generally failed to give recognition to the leading members of the coalition who have been spearheading the struggle to help the deprived and the discriminated against. As of today the Mayor of Camden has failed to respond positively to the continuing requests of two neighborhood groups for grass roots participation on the Citizens Advisory Committee. To the contrary, the Mayor and the Business Administrator have said "No" to such requests at meetings with them. One group, the Neighbors for Community Action, has been instrumental in forcing the city to increase recreational facilities in their neighborhood and to take action against property owners who have "abandoned" their property. They are involved in community projects such as outings to Atlantic City. Next month they are taking over 300 youngsters to see a Philadelphia Phillies ballgame. The second group, the Camden Citizens For Action, is a community group in the adjoining neighborhood to that of the Neighbors for Community Action. It has been instrumental in forcing the city to take action against derelict landlords and in the formation of the Landlord-Tenant Association, a body which seeks to bring landlords and tenants to the same table to work together. This Association has received the editorial support of Camden's main newspaper, the Courier-Post, and the Association is beginning to have meaningful results in obtaining real cooperation to the benefit of tenants and landlords.

These two neighborhood groups are examples of real efforts by low-income people, who are also members of minority groups, to try to help themselves. These people are playing a significant role in their community and would deserve representation on the Citizens Advisory Committee even if the Workable Program did not require representation for such groups.

We wish to make it clear that we do not believe that these are the only two groups which should be represented on the committee. New groups are being formed as offsprings of the activities of these two groups and in the future if they start to mature, they too will deserve recognition. In addition, there may presently be in this city other neighborhood groups which should be involved on the Citizens Advisory Committee.

The significance and importance of representation for the grass roots is seen in the riots and violence of recent days in North Jersey. Lack of meaningful direct lines of communication between the poor and the city government helped cause Newark's explosion. Tensions are increasing in Camden. The frustrations, misunderstandings, and sense of alienation felt by the poor can only be eased by direct and responsive communication between the Mayor of Camden and the poor.

We believe Mr. Hummel has been misled to believe that the Neighborhood Conservation and Rehabilitation Committee has expanded its membership to include "civic associations and neighborhood groups." From our examination of the list of persons appointed to the Committee, only one, Mr. Charles Barberito of the Pyne Point Association in North Camden, can be said to represent a civic association or a neighborhood group.

Mr. Hummel states: "There will also be a minority group subcommittee. We have asked that this organization be active before we consider recertification of the Workable Program." Although Camden's Workable Program has been recertified, no "minority group subcommittee" has been formed as part of the Citizens Advisory Committee.

Lastly, with respect to the issue of the Citizens Advisory Committee, we wish to point out that although the Camden Metropolitan Ministry, the Camden Christian Center, the Methodist Deaconess Community Center, the Neighborhood Apostolate, and the Camden Episcopal Community Center have played a leading role along with the civil rights and neighborhood groups in the coalition to help the poor, no members of the clergy who have been active in this fight have been appointed to the Citizens Advisory Committee. This is so even though all these churches and centers are not only expressing great concern about the actions of the city, state, and federal government which may be detrimental to the welfare of the people living in Camden, but when these churches and centers all assume important roles in the lives of the community they serve by providing recreation for youngsters, counseling services, English, Spanish, and Typing classes, services for the aged and a myriad of other social services.

We believe that if the Camden Citizens Advisory Committee is to be a truly effective and meaningful body, it must contain as members the civil rights leaders, the grass roots people through their neighborhood groups, and the clergy, who have been and are activists in the struggle to help the poor and the discriminated against.

While pleased that the Department of Housing and Urban Development is requiring Camden to provide a statistical breakdown by race of persons displaced and to be displaced by governmental action, we are unaware of any concrete steps which have been taken or will be taken to secure such a statistical breakdown. We wish to be informed as to what has already been done and what will be done in the future to obtain this information.

We are extremely dissatisfied that your Department has not demanded that Camden make low-income housing the number one priority of Camden's Workable Program, ahead of transportation and commercial redevelopment. The desperate need for low income housing is seen not only in the deteriorating conditions of the ghettos, but in Parkside, a moderate income, predominantly Negro section of Camden. People living in Parkside are being forced to subdivide their apartments and houses in order to house relatives and friends from the ghetto areas who are being displaced by urban renewal programs, highway construction and code enforcement. Slumlords are beginning to operate in this area. If this process continues, and it will have to unless Camden obtains a sudden infusion of decent low income housing, this residential area of Camden will become a slum and if it becomes a slum, it will help to perpetuate the myth that Negroes and Puerto Ricans create ghettos. This can only provide fuel for the fires of a white power structure which is basically both racially prejudiced and unsympathetic to the human needs of people who have been "punished" in the past because of the color of their skin and who are presently being both "punished" and "pushed" around as a consequence of governmental action. The federal government *must* require the city government and the Camden

Public Housing Authority to act immediately in the area of low income housing, for even if all urban renewal and highway construction and code enforcement were to stop today, there would be a desperate shortage of decent low income housing here.

Nothing better illustrates the desperate need for decent, safe housing for the poor in Camden than the following two exchanges, the first between the Chairman of Camden CORE and Camden's Chief Housing Inspector in the June 3 edition of the *Courier-Post* and the second between a civil rights worker and Camden's Chief Housing Inspector in the evening edition of the June 2nd *Courier-Post*.

1. Ronald Evans * * * told Paglione many families "have six, seven, or eight people in an apartment."

"They will have to go," Paglione said, "but if the landlord chooses to close down his properties rather than make necessary repairs, you know these people will be out of homes."

2. "Do you mean to say that a lack of fire extinguishers, fire escapes, and only one exit in a three story building doesn't constitute an emergency?" Grayson asked.

"If I prosecuted (every) house in Camden that lacks a fire escape I'd close half the buildings in the city down," Paglione replied.

The occasion of these exchanges was the picketing of City Hall on June 2 by tenants of one family which owns approximately thirty of Camden's multiple dwelling slum buildings. Conditions in these buildings include a lack of fire escapes, fire doors, fire-fighting equipment, the presence of rats, roaches, and insects, exposed electrical wires, and human waste in backed-up toilets and bathtubs.

The tools with which to start to alleviate the housing problems of Camden are available. At present according to city officials at least 150 homes owned by the City can be rehabilitated within a month or two and put on the rehabilitated low-income housing market. There are literally hundreds of privately owned homes presently vacant which can be rehabilitated if proper initiative comes from the federal government, the state government, the city government, the home owners, business, industry, labor nonprofit groups, and the poor. Over 200 of these privately owned properties were identified in a survey of one 19 by 7 block area in Central Camden presented to the city government in January by the Coalition. (Not all the houses on the list are habitable. The recent grant by your Department of funds to demolish properties in Camden was a direct response to this survey). The Camden Housing Authority has demonstrated a pungent distaste for using the authority it has to rehabilitate 100 houses.

The interrelationship between representation of the poor on the Citizens Advisory Committee and the housing crisis here can be clearly seen. Until we wrote President Johnson in February, the Citizens Advisory Committee was composed solely of businessmen-representatives from the Greater Camden Movement. These people who with only two exceptions live outside of Camden, and most of whom work outside of Camden, are aware of Camden's business and industrial needs, but they are completely unaware of just what conditions the poor are forced to live in. Now the Citizens Advisory Committee includes civil rights representatives on the Neighborhood Conservation and Rehabilitation Committee. However, the Citizens Advisory Committee consists of two committees which meet separately and never intermingle to exchange ideas. It is critical if Camden is to be rebuilt that industry and business understand the problems of the poor and financially contribute to their solution. They can only do this by meeting with and listening to just what the poor have to say. Therefore, the Neighborhood Conservation and Rehabilitation Committee needs to be expanded to include not only the grass roots people, but provisions must be made for the poor to be able to work directly with business to try to develop constructive approaches to the problems of the ghetto. In the long run, such intercourse could lead to better understanding of the particular problems of both sides, and hopefully, to cooperative efforts by all elements in the community to provide more low-income housing for the poor.

In his letter of the 17th Mr. Hummel states: "We stand ready to assist in any way we can." The Department of Housing and Urban Development can only assist the people of Camden by forcing the Camden City Government to make low income housing the number one priority of Camden's Workable Program. Camden must immediately rehabilitate the 150 or more houses it owns and the

Camden Public Housing Authority must use the authority it has to immediately rehabilitate at least 100 houses which are presently privately owned. The new Property Maintenance Code passed by the Camden City Council contains provisions which would facilitate the rehabilitation of privately owned property. The City must be forced to use the provisions to meet the housing needs of Camden. A city cannot tear down thousands of houses in three or four years without building replacement housing and maintain that no housing crisis exists. Your Department can help by bringing together representatives from the city government, the State government and federal government, grass roots people, civil rights leaders, clergy, business, industry, and labor to map out a plan to provide Camden with the low income housing it needs.

Mr. Hummel states: "The City is taking measures to increase the supply of standard housing for low and moderate income families." Except for housing for the aged, we are unaware of these measures and would like to be informed just what they are. Low income housing must be provided for the generation presently leaving school if Camden is to stem the flow of young people from this city.

We would also like to point out to Mr. Hummel that while there may be "an increased use by the New Jersey Highway Department of the services offered by the Urban Renewal Division in Camden," we believe that overall no more than 5% of the people displaced by highway construction in Camden are being presently referred to Urban Renewal.

In his report Mr. Hummel states: "The Urban Renewal Division has been reasonably successful in relocating families displaced under its programs and those referred to it by the Highway Department." We believe that recent events make a complete and exhaustive investigation of its activities, procedures, and resources in Camden mandatory.

In order to fully understand the relocation crisis in Camden one must understand the relationship between the City Department of Welfare and the Urban Renewal Relocation Office of the Camden Public Housing Authority. The City of Camden has a contractual relationship with Urban Renewal for the latter to relocate for a fee of \$40 per referral all persons displaced by code enforcement who request such relocation help. First, we charge that Mr. McHugh of the Urban Renewal Relocation Office has knowingly relocated at least one family in a house which was rat-infested, had a leaky roof, faulty electrical circuits, inadequate ventilation, and was full of filth and refuse left by the previous occupants. In addition, this house is in the path of a future highway. Second, we charge that the Urban Renewal Relocation Office has been derelict in fulfilling its obligations. During the week of May 29, 1967, fire broke out in 410 Haddon Avenue. The building was closed to human habitation. On Friday, June 2, 1967, tenants displaced by the fire were referred to Mr. McHugh of the relocation office by the city for immediate relocation. The impression was given the city that these people would be immediately relocated. However, Mr. McHugh when confronted by the tenants told them he could not help them that afternoon, but would meet them at 9:00 A.M. Saturday morning in front of 410. Later that evening the homeless tenants came to us for help. The City Business Administrator was reached and after futile attempts to contact Mr. McHugh, he agreed to put the tenants up at a hotel in the city. Saturday morning Mr. McHugh failed to appear and the tenants remained in the hotel for the whole weekend. Third, we charge that the Camden Urban Renewal Relocation Office functions on a prejudicial basis, constantly insulting through its behavior and by word members of minority groups. Many leaders of the Coalition when trying to obtain help for people displaced by governmental action have been told that these people are dirty, prostitutes, immoral, drunkards, etc. In some cases displacees have been told to their faces that there was no housing immediately available for them, but that there were houses available for "good" and "clean" people. Fourth, we charge that the City Department of Welfare has frustrated displaced tenants in their attempts to obtain relocation aid and has tried to relocate tenants themselves in order to avoid paying the \$40.00 referral fee. In Mid-May a mother of a family of eight was refused referral to Urban Renewal by her case worker's supervisor to avoid paying the fee. The same woman was referred by city welfare to a house which has sewer rats roaming the basement. It was only after we contacted the Business Administrator that this family received its proper referral. Fifth, we charge that county and city welfare in trying to themselves relocate families have housed families in indecent, inhuman, and unfit housing. In one case a woman was moved into a house with boarded windows. In a second case, one family was moved into a house which lacked adequate heating, kitchen, and electrical facilities and in which the kitchen ceiling

was falling, bannisters were missing, and the cellar steps were in need of repairing. It is not only these cases which are cause for our concern, but the many, many cases and dozens and hundreds of unknown families who are caught in similar circumstances, who do not come for help or know that there are people who care.

Lastly, no pertinent response has been received from any branch of the federal government concerning our recommendations for federal legislation and/or executive action establishing minimum standards for relocation assistance to be given persons displaced by highway construction financed by the federal government equal to the assistance available to people displaced by urban renewal. (Please see pages 5-11 of the enclosed letter for our discussion of highway relocation problems.) We believe that the problems posed by highway construction today affect the areas of concern of all departments of the Executive Branch of the federal government and that each department must give careful consideration to the full ramifications of highway construction.

We ask Mr. Secretary that you :

1. Enforce the requirements of the Workable Program so that concerned grass roots people and representatives of the clergy and civil rights groups leading the fight to help the poor be appointed to the Camden Citizens Advisory Committee;

2. Rescind the recertification of Camden's Workable Program because there is no Minority Group subcommittee;

3. Withhold certification of Camden's Workable Program until low income housing is the number one priority of the Workable Program;

4. Indicate what steps have been taken and will be taken in the future to supply a racial breakdown of persons displaced by governmental action;

5. Undertake a complete and exhaustive study of the relocation activities, procedures, and resources of Camden's Urban Renewal Relocation Office.

6. Fulfill your responsibility to point out to the President, to the Congress, and to the members of the President's Cabinet the need for immediate and meaningful action to assist people affected by federally assisted highway construction in cities. This responsibility is clearly pinpointed in the 1966 Congressional Act which established the Department of Transportation :

"The Secretary and the Secretary of Housing and Urban Development shall consult and exchange information regarding their respective transportation policies and activities; carry on joint planning, research and other activities; and coordinate assistance for local transportation projects. They shall jointly study how federal policies and programs can assure that urban transportation systems most effectively serve both national transportation needs and the comprehensively planned development of urban areas. They shall, within one year after the effective date of this Act, and annually thereafter, report to the President for submission to Congress, on their studies and other activities under this subsection, including any legislative recommendations which they determine to be desirable. The Secretary and the Secretary of Housing and Urban Development shall study and report within one year after the effective date of this Act to the President and the Congress on the logical and efficient organization and location of urban mass transportation functions in the Executive Branch." (49 U.S.C.A. § 1653(g) 1966 Cum. Supp.)

Your role is particularly crucial since most often highways constructed in cities affect the poor and members of minority groups. Highways constructed through ghettos bred new ghettos or only worsen conditions in remaining slum neighborhoods because of the paucity of low income housing fit for human habitation. The ramifications of the direct inter-relationship between the housing problems of the poor and highway construction in cities must now be faced by the federal government, state government, and local government. We, therefore, request that you seek the President's support for the proposals outlined on page 6 of our letter to the President.

7. Support the creation of a "Joint Workable Program" to coordinate and cover both urban renewal and federally assisted highway construction programs. Only by having such a "Joint Workable Program" can one realistically hope for coordination of the government's urban activities and enforcement of federal regulations relating to such activities. The direct interrelationship between urban renewal and highway construction must be actually considered in planning.

8. Schedule an appointment for us to meet with you in early September to fully discuss Camden's future and the ideas we have put forward affecting urban development in general.

Sincerely,

Rev. DONALD GRIESMANN.

CAMDEN, N.J., July 18, 1967.

Mr. ALAN BOYD,
*Secretary, Department of Transportation,
 Department of Transportation, Washington, D.C.*

DEAR MR. BOYD: On February 15, 1967, the Camden Civil Rights-Ministerium-Neighborhood Groups Coalition wrote to President Johnson.

In that letter (a copy of which is enclosed) several crucial problems relating to Camden's Workable Program *and* relocation problems created by federally assisted highway construction were raised. Recommendations for legislative and/or executive action were made to the President on page 6 of that letter. We have received no meaningful or significant response on the issues raised concerning Camden's Workable Program. We have received no pertinent response concerning the matters raised about highway construction financed in whole or in part by federal funds and relocation problems caused by such highway construction. Correspondence from the Commerce Department and your Department has failed to deal with the substance of the proposals made.

Pages five to eleven of the enclosed copy of the letter of February 15 point out in detail the problems people in Camden faced due to the construction of two new highways and a connector linking them. These highways cut through low income neighborhoods. They are being constructed without any meaningful attempt on the part of the City of Camden, the State of New Jersey, or the United States Government to provide decent low income housing units for the displacees to move into. Instead of slum conditions being eliminated, new slums are being created. Conditions in what remains of the ghettos are deteriorating rapidly. Overcrowding is a chronic problem. Absentee property owners and speculators are permitting their property to rot.

The effects of the highway construction are being felt throughout the city. In Parkside, a moderate income, predominantly Negro section of Camden, families are being forced to subdivide their apartments and houses in order to provide shelter for relatives and friends who are being displaced. If this process continues, and it will have to unless Camden obtains a sudden and substantial infusion of decent low income housing for the bulk of displacement is yet to come, this residential area of Camden will become a slum and if it becomes a slum, it will help to perpetuate the myth that Negroes and Puerto Ricans create ghettos. Conditions such as these reveal the direct inter-relationship between matters of transportation and urban development.

In the legislation which established the Department of Transportation, Congress provided that: "The Secretary and the Secretary of Housing and Urban Development shall consult and exchange information regarding their respective transportation policies and activities; carry on joint planning, research and other activities; and coordinate assistance for local transportation projects. They shall jointly study how federal policies and programs can assure that urban transportation systems most effectively serve both national transportation needs and the comprehensively planned development of urban areas. They shall, within one year after the effective date of this Act, and annually thereafter, report to the President, for submission to the Congress, on their studies and other activities under this subsection, including any legislative recommendations which they determine to be desirable. The Secretary and the Secretary of Housing and Urban Development shall study and report within one year after the effective date of this Act to the President and the Congress on the logical and efficient organization and location of urban mass transportation functions in the Executive Branch." (49 U.S.C.A. § 1653(g) 1966 Cum. Supp.)

The coordination of the activities of your Department in providing means of transportation with the activities of the Department of Housing and Urban Development in attempting to help provide a decent life for all urban dwellers is critical. We do not believe that anyone can gain a complete picture if he looks at matters solely from the perspective of his own Department and particular interest, and therefore, we hope in carrying out the directive of Congress that you and the Secretary of Housing and Urban Development will pool your knowledge and resources to show to each other, the President, the Vice-President, the Cabinet, and the Congress the drastic effects which highway construction has on people's lives, particularly on the urban poor, when needs created or aggravated by highway construction are not met by concomitant action designed to satisfy these needs.

Since writing President Johnson in February, we have become convinced that there is a vital need for a "Joint Workable Program" to coordinate and cover both urban renewal and federally assisted highway construction programs. Only by having such a "Joint Workable Program" can one realistically hope for coordination of the governments urban activities and enforcement of federal regulations relating to such activities.

From the broad perspective, we believe that your Department has a critical role to play in determining the future patterns and modes of mobility of all the people living in this country. Consultation with experts in urban planning has made us begin to question whether continued construction of super-highways does provide the solution to the transportation needs of this nation. We are beginning to believe that highways are creating great hardships and anguish for the poor in our cities, and thereby adding to urban deterioration; that they are failing in their purpose to facilitate mobility of people; and that they are helping a significant number of Americans to avoid seeing and contributing to the solution of the deepening crisis in Urban America. The massive traffic-tie-ups which plague every city could be telling us that cars are not the right means to get people to and from work. Highways have also created the anomalous situation in which middle and upper class whites are able to eat and sleep in the suburbs while they return to and depend upon the city for their work and the cultural stimulation provided by museums, the theatre, the night clubs, the movies, the sports events, etc. All these things raise tough questions concerning the future of the car in American society, particularly when we bring into consideration the economic significance of that automotive industry.

We ask Mr. Secretary:

1. That you support the recommendations made on page six of the letter of February 15, 1967, and that you seek the support of the President and the Congress for those proposals.
2. That you support the creation of a "Joint Workable Program" and that you seek the support of the President and the Congress for it.
3. That you schedule an appointment for us to meet with you in early September to discuss the problems of highway relocation and possible alternate means and methods to satisfy the needs of both the people affected by urban redevelopment and the future transportation needs of this country.

Sincerely,

REV. DONALD GRIESMANN.

Senator MUSKIE. I want to say I appreciate your willingness to come here and talk to us despite the fact that you have been discouraged from talking in the past. We do want to hear this story, we do want it to be part of the record of this committee, and we are desirous of acting upon what you have told us.

Father GRIESMANN. Thank you.

Senator MUSKIE. Senator Baker?

Senator BAKER. I have nothing further to say, Mr. Chairman, except I, too, want to thank you for underscoring in a dramatic way the difficulties that arise from otherwise routine and orderly automatic procedures that require the adjustment of grievances and the alleviation of dislocations that come. I know of these problems from a first hand example of my own state of Tennessee. I feel that we are fortunate in this committee in having a man of the sensitivity of Senator Muskie, our chairman, writing an agenda and preparing these hearings so we may intelligently approach this problem.

I do thank you.

Father GRIESMANN. Thank you, Senator.

Senator MUSKIE. Father, one further thing: I understand that certain agreements with appropriate agencies have been developed as a result of these hearings. Would it be possible for you to submit a

detailed report of those appearances with us so we may take an appraisal of the situation?

Father GRIESMANN. Yes, I have left with you today some of the responses to our grievances and some of the negotiable points we have had. The task force in Camden is still going to town because they have received so much flak from the housing authority, they cannot get into their files and so on. As soon as the task force report is received, I will see to it that a copy of it is forwarded to this committee.

So far, you have everything that HUD has developed with us. I must point out that HUD came up with 13 points which I have filed with you. We were going to meet with the city, with the mayor and the business administrator and the housing authority that attempted to leave us out of the meeting. But they took in the Greater Camden movement, who are our citizens advisory council, and Mr. Becket of HUD, regional officer in charge of the task force, said to us, we are only going to do business with those we contract with. We pointed out that the Greater Camden movement was not one of those they contracted with. Only after 35 people, some of whom are here today, threatened to barge into that room, could we even get in to hear what was going on, let alone offer suggestions.

One of the suggestions offered is now just about a fact accomplished with a relocation review board, a proposal for which is in the report hereto. If we had been left out, we would not have learned what was discussed in that room. HUD's refusal at the regional level to obey the laws and to enforce the laws in the city of Camden and then to allow us into meetings is extremely peculiar to us. I wanted that mentioned, too.

Senator MUSKIE. You may be sure that we will ask for an explanation.

May I say finally that I know many in this room have come here this morning from Camden with you. I am delighted that they have. I hope that they may get some small measure, at least, of reassurance that at least this committee is concerned with this problem and interested in doing something about it.

Thank you, Father.

Father GRIESMANN. Thank you, Senator.

Senator MUSKIE. Thank you, Mr. Sharp. Thank all of you.

The committee will be in brief recess while we await our next witnesses from the Southern Christian Leadership Conference. I understand they will be here in a matter of a very few minutes.

(Short recess.)

Senator MUSKIE. Come to order, please.

Miss Wright, it is a pleasure to welcome you and your group here this morning. This was not a planned part of this hearing, as you know, I thought circumstances seemed to combine to make this highly appropriate. So we realize you do not have prepared statements, but we appreciate your interest in using this opportunity to tell us of some of the things that are on your mind. You may handle it in your own way, identifying each of the people present so that the record will be complete.

TESTIMONY OF MISS MARIAN WRIGHT; ACCOMPANIED BY MRS. LELA MAE BROOKS, SUNFLOWER, MISS.; MRS. BARBARA ARSENAULT, BERKELEY, MICH.; VINCENT NEGRON, BROWNSVILLE, N.Y.; GEORGE FRANCIS, PASSAMAQUODDY INDIAN RESERVATION, PERRY, MAINE; AND THOMAS WILLIAMS, JACKSON, MISS.

Miss WRIGHT. Senator Muskie and Senators on the committee, we are very happy for this opportunity to be here before you this morning.

I just want to warn the stenographer that I speak extremely rapidly and at any time she does not get me she should just signal and I shall try to slow down.

My name is Marian Wright. I am from Jackson, Miss. I have been practicing law in Mississippi for 4 years with the Legal Defense Fund of the NAACP. I have with me this morning people who are participating in the Poor People's Campaign. Beginning at my left is Mr. Vinnie Negron from New York City; second from the left is Mrs. Barbara Arsenault, a welfare mother from Berkeley, Mich.; next to me is Mrs. Lela Mae Brooks from Sunflower County, Miss. On my right is Mr. Thomas Williams from Jackson, Miss., a welfare recipient. On my extreme right is Representative George A. Francis from Senator Muskie's State of Maine. He is from Perry, Maine.

All these people, I hope, as soon as I make a general summarizing statement, will speak for approximately 5 to 7 minutes each, depending on how much or what they want to say.

I have not studied your bill, Senator, with a fine tooth comb. I am very happy just to hear the word "coordination" come out again. I commend you for your effort in this direction. There are, however, certain points we want to make to see if we cannot get some consideration by this committee.

Part of the problem in this country is that there are not enough resources put into the causes of the poor. The other half of the problem of dealing with the poor is that those programs that exist are not really reaching the poor.

One in Mississippi and in Alabama and Arkansas and rural Georgia cannot really tell the difference between State and Federal Governments. The sad fact is that in this day, 4½ years after the 1964 Civil Rights Act, and many, many years after decisions requiring equality under the 14th Amendment, the fact is that the Federal Government is still the single largest supporter of segregation and discrimination in this country. And that is a disgrace. It comes from weak, ineffective enforcement of existing laws. It comes from weak, ineffective review of existing programs. And we have to stop pouring money down the same channels which are not solving the problems. I do not know how many years it is going to take us to learn that the old traditional approaches are not doing the job. Yet we persist in putting millions more every year in the same bad programs.

Several things I think need to be done. One of the things that strikes me from a cursory reading of this bill is that there is very little or no provision for citizen participation. I think we have heard in the last couple of years the desire of the people to have some part in the decision making processes of this Government. We cannot talk about

urban renewal in the guise of continuing white metropolitan control of the inner city. People have to have a voice in what happens in their lives. It seems to me basic that there be provisions for public hearings before urban renewal plans are in fact put into force. Before decisions are made that these people have to move, these people should have a chance to know, discuss, and have the rationale provided by the Federal Government and have some input into the Government decision. I would strongly urge that any law that is passed now that affects residents of the inner city and poor residents include a mechanism where they can have some input about a planned program before it occurs. Now, I don't think that is present in current law.

Second, what is needed and what always amazes me, we complain day after day and year after year about the misappropriation and the malworkings of Federal programs and always we hear from the Federal agencies, there is nothing we can do. That is baloney. We are giving money to employment agencies—100 percent; in welfare, 80 percent, and we can go down the list of grant-in-aid programs. Yet we say there is little we can do to correct corrupt practices to correct what this country does with that money. In fact, the answer of the Federal Government is that our only sanction is the drastic sanction of cutoff and that is such a horribly, politically difficult thing to do, therefore, we cannot do anything. My answer to that is one, I think the Federal Government can use the threat of that sanction more effectively. If they keep using that as an excuse, it seems to me the Congress should come up with a realistic set of intermediate sanctions so if the States are not using the programs in the way they are intended, direct immediate action can be taken. If Sunflower County, Miss. is not using the funds in its program in a way that is commensurate with HEW guidelines, the money should be cutoff. There should be sanctions so that particular people in particular parts of the State are dealt with.

I think we have to look at intermediate sanctions and quick and effective sanctions to insure that Federal programs are going to work the way they are supposed to. I would urge this upon you.

The third thing is that there is very little effective coordination. One of the things I want, I want to see something in this bill about who in fact is going to do the coordination and what kind of uniform considerations and guidelines are there for them to do this coordination. One of the lacks in the Federal Government, I think has been the lack of clear, uniform, regulations and guidelines which the public, poor and rich, have access to. All of us hear about titles, all of us hear about the Federal grants being made, but nobody knows in most of these cities how in fact title I money is being spent.

In Mississippi, I know, because I worked on it, that title I funds are being used to reinforce the dual school system. What is the procedure for doing something about that?

One is if people knew the intent and how the money is being spent, then they could protest. There has to be some provision for publicizing what programs are intended to do. We have not yet worked out an effective mechanism. This has not got to be in a technical legal language. It seems to me we have to know what title I is supposed to do and what Congress wants to do in simple enough language that Mrs. Brooks can read it.

I think people have to know what resources their county is using that is provided by the Federal Government. Somehow we have to provide means for publicizing the intent and substance of programs by the Federal Government.

Fourthly, there has to be a much more effective review system and it seems to me that has to be spelled out, or at least in guidelines. One of the problems is that in the school area, while the Federal Government will promulgate guidelines, it will still go down and negotiate, individual school district by school district, so everybody assumes that all the Federal guidelines are negotiable. In fact, they are. That is what makes poor people mad. Either we are going to have guidelines or we are not—I would urge that there be uniform guidelines that in fact are followed, that enough money be allocated to have the personnel to do that; fifth, that the poor people be involved in the system. It does not do any good for the Federal Government to call up and say we're coming to review your hospital on Tuesday morning at 10 o'clock. When the reviewing team comes, everything will look good and beds will be rearranged.

After the officials leave the beds will be put back and everybody will be back where they were.

It would seem a more effective, sensible review system has to be worked out. It seems one of the ways to do this is to have the poor people who are there on an everyday working basis and see these programs to have roles as evaluators and reviewers. That is not spelled out. I would like to have some consideration of that.

The last thing I think one has to talk about seriously is there has to be some planning on the part of Federal agencies. I am amazed at how we continue using MDTA to train people year after year and having the training geared to jobs that still do not exist. Again, there has to be much better coordination. We keep talking about it. In fact, it is not done. We still have MDTA training too few welders and Ingalls Shipbuilding Co. in the State of Mississippi going out of the State to look for welders. It seems a sensible matter to make this job study before you decide what are you going to train people for. Yet, year after year after year, we pour millions of dollars down the drain to train people for jobs that do not exist. It seems to me that just very basic fundamental coordination programs that we talk about all the time but in fact never occur have to be taken seriously now and something has to be done about it.

The last thing, there simply has to be an end to discrimination in Federal programs. There are almost no black faces in any of the Federal grant-in-aid programs in many of the Southern States. In Mississippi, I can count on the fingers of one hand the number of Negroes in anything other than janitorial positions in the employment security program, for instance, which is 100 percent federally funded, in the welfare department, the—you can just go down the line. This is a disgrace. People wonder why in the world people now protest against the Federal Government. People dread going to these agencies, because they know they are not wanted and they are not going to be helped.

It seems to me the place to start is internally. I would like to see some consideration given to effective enforcement of title VI tomorrow. We all get the story of why the jobless are not helped—agencies

say, I am sorry, we don't have the personnel to do it. Somehow, we are going to have to bring the needs of the poor people together with employment needs and the nondiscrimination requirements of title VI and make it work and make it work soon.

I want to make just one last word, just in a general vein, about the Poor People's Campaign. I think these people will speak for themselves. I know a lot of people have expressed concern. It is an integrated group. They are coming here in nonviolence and it amazes me that people still can come to the Congress to ask you to do what you persistently refuse to do year after year after year.

I came out of law school a very bright, eager young woman ready to change the world. I tell you, if one-third of what is going on with these poor people in Mississippi is true generally in America, the country is in serious trouble. I came out with a firm belief in law and institutional changing. After school case after school case, I have still after 4 years in Mississippi, found 4 percent of the Negro children in white schools, 96 percent of those children in still terribly unequal, Negro segregated schools. We cannot do the job alone without strong Federal enforcement and I think we have seen that it is not there. Something has to be done about that.

I cannot stand much longer seeing babies with bloated bellies and babies coming to Headstart schools who cannot stay awake because of hunger. If this Government cannot feed its people, what can it do? If this Government is not moved after documentation over a year's period of severe malnutrition in all our cities, all our States, what in the world can we do? People ought not to continue dying like this.

We are getting a whole lot of problems and a whole lot of questions about violence. I am suspect of Congress and I am suspect of people in this country who continue to worry about violence that may be caused by poor people coming to Washington, while forgetting the chances of violence if people continue to be treated as they are. How can you worry about being inconvenienced so much when a child is inconvenienced by having to walk 7 or 10 miles to school without shoes. That is inconvenience.

How can we continue to be so terribly concerned about what violence may occur when we are not equally concerned about the violence of a rat eating a child to death, as happened in North Carolina 2 weeks ago? How can we continue to harp on the possible violence this Poor People's Campaign may cause while forgetting the violence of people having to live day after day after day with rats and roaches and in fact, the poor themselves are the greatest victims of crime.

We have to begin to get realistic. The fact that these people, after all they have gone through, can still have the faith to come here and ask you to do the very reasonable things that they are going to ask you to do and much of what they have asked of the various agencies; and we will be happy to furnish you copies of those, three-fourths of which the agencies have the present and current power to do—and in fact the law says they are supposed to have been doing for years. They have not been doing it. It seems to me we have to look at these things in a hard fashion and say the people are simply asking that the programs, that Congress has already passed, function as they are supposed to function. I think we have to go a long way to making the executive branch function this way.

Second, I think when we are looking for work; when the training is not adequate to prepare us for those jobs, the Congress has to, with an open mind, hear the pleas of people who want to work. The poor do not like welfare any more than you like it. We are simply here to say we want jobs but you cannot, it seems to us, say to them when they say, we come to look for work, we are not going to let you work. They are here as a last resort. They are desperate.

One of the things that is striking me a lot is the growing bitterness of the young people. I think I am finding, even in my old age, and I found that the SNCC kids in Mississippi found, that many people have illusions that riots cannot occur in the South. SNCC is already passé among the 13-, 14-, and 15-year-old kids. These are kids who have grown up in the civil rights movement, who have picketed, they have gone to jails, who have gone to schools despite the violence, who have seen their political candidates lose, who have heard us in the law area sort of say, we cannot change it legally and who have seen us fail year after year after year and see themselves worse off than they ever were. There is very little we can say to them now.

What is even worse to see, I think, is the perception of these children. I want to tell you very briefly the kind of things little kids in Mississippi are writing today which frighten me, but which I think reflect the hypocrisy in this country which I think has to be changed. I have told this story two or three times and I like it a lot, but I think it points up what is wrong with the way the country is working.

This was done in 1964 in a Freedom school by a little girl. It was a parody on Cinderella. She called it Cindy Lillie. Cindy Lillie said she lived in McComb, Miss. Every year in McComb, there was a great big ball in the armory. Somehow the little girl heard the ball was given. It was given by the Ku Klux Klan. Every year, she begged her mummy to go to the ball because she saw all the people going all dressed up. Every year, her mother would say, maybe next year, Cindy Lillie, you're not old enough, or you don't have the clothes this year. Year after year, Cindy Lillie persisted and year after year, her mother had an excuse. Finally, when she was a little bit bigger, she was so persistent that her mother could not give any excuse in the world. So she thought and she said, you don't have any escort.

Cindy Lillie said, "Oh, yes; I do," and you must remember this was 1964, she said, "Prince Charming Bobby Kennedy is going to take me to the ball." Her mother said, "It is very doubtful," but Cindy Lillie said, "No, he promised me."

So comes the night of the ball and an hour before it was to start up, Cindy Lillie got a telegram from Prince Charming that he could not make it. Her mother said, "I told you so."

But Cindy Lillie said, "That is all right, I can go anyway." So off she went down to the armory in McComb, Miss., with her little invitation. She stuffed the 14th amendment in her purse and also the Civil Rights Act.

She came to the armory and heard all the laughter and the music inside and she knocked on the doors. They did not open it. She kept knocking and finally these other guests came by so Cindy Lillie went in with them. She saw the man at the door. He gruffly said, "What it is you want, little girl?"

She said, "I came to the ball, I was invited."

He said, "Where is your invitation?"

She was getting a little nervous, but she pulled out the 14th amendment. He said, "This is no good."

She said, "I have something else." She pulled out the Civil Rights Act of 1964. He said "That is no good, either."

Then she got a little more desperate and she pulled out the Voting Rights Act of 1965 and she handed that to him.

The man said, "Sorry, lady, where do you think you are?"

He began to pass these laws around and began to point out Cindy Lillie and everybody in the ball began to laugh and laugh. Cindy Lillie stood there and she began to cry and cry.

This little girl, about eight or nine, in Mississippi wrote this story about 3 years ago. Three years ago, the Cindy Lillies were crying in Mississippi. Today, they are kicking, they are fighting, as well they may. Unless the laws of this Congress that pass and which have to be passed are going to get people into the balls of this society, into the jobs, into the houses, out of the hunger, into the schools so that they can get decent lives, we are going to be in more trouble than ever before.

Now, either you are serious about it or you are not. The key point I think you must recognize as legislators is that you cannot continue to expect people to remain responsive to institutions that everyday, persistently and clearly, show them that you do not care about them. People respond to institutions that respond to them. After all, this is a government of people and people are not have to serve institutions, it is the other way around.

I think nobody can deny that what has gone on since 1954, with all the laws, all the Federal grant programs, and the existence and growing existence of poverty in this country, somebody is failing because somebody does not care.

The Poor People's Campaign is here to say to you, make the laws work. Give us the money that is going to help us be decent. We are not asking for handouts. In this country we have the resources, we have the money to appropriate—it is a matter of priorities and what you choose to have cut—why must it always be the poor that is cut? This is the last chance, I think, for this country to respond to the quiet and peaceful petitions of people who are asking for very, very just solutions to very, very real problems.

Mrs. Brooks can lead off on this.

Senator MUSKIE. Mrs. Brooks?

Mrs. BROOKS. Giving honor to Mrs. Wright, I would like to say my name is Mrs. Lela Mae Brooks, I live in Sunflower County, Miss., which is a decent county.

I would like to say today to you all, Mr. Eastland has been to Washington telling that we are satisfied in Mississippi. But I am working with poor people like myself and that is where people are trying to get more social security and jobs.

I understand Mr. Eastland to say we are satisfied in Mississippi, but his plantation people are not satisfied, because I have been on his plantation, and I am not afraid to say it, and they are hungry, too. Because people went there to buy food and his house is not decent, either. We want you all to know that we are tired waiting for a decent place to live in, a decent home, decent food to eat. We are tired of

waiting on the white people and having them treat us like cats, dogs, even cows and pigs and things like that. Some of the houses some of the people in Mississippi are living in in Mr. Eastland's county, I want to tell you because I saw it with my own eyes, they are not decent for dogs to live in. They have better houses for tractors and they have tractors. We know you are responsible for that, you are responsible paying him for not planting his cotton. Yet there are people who are over 65 years of age and can't get any welfare.

We don't want welfare in Mississippi. We want money in our own hands. We don't want white men sitting on our money or you all either. We are not going to beg anymore. We are not in Washington to beg.

You had better believe God Almighty would not have put us here if he did not want us here. He would have wiped us out long ago. We get assassinated all the time.

We want jobs, we want to get decent pay for them and we want us not being able to work on welfare. But we don't want welfare. We want money in our hands. We want to build our own houses. We don't want to be born in a shack and die in a shack.

We want Mr. Eastland to know the people are not satisfied in Mississippi. They are not satisfied all over the United States and we are looking for an answer. We are not going to wait for another hundred years.

I want you to know we are not going to take any crap, eating food with bugs in it. We are tired of using commodes and having the sewage ditch run by the front door. If you think it is not true, I have asked a man to come from Indianola, Miss., to look at it.

Do you think we like that filth? No. You would not want your wife and children to inhale it. How would you feel today with no food to eat, with people on welfare, with 12 and 14 people in the house? We have most plantations up there and one person in the house working. Then they take our house rent. They come and take our automobiles and then we can't go to the doctor.

They told us in 1964, they said they were going to give us free lunches for the children. We put them in the white schools; they said they are going to cut and whip our children. Why do you want to whip our black kids and not expect us to whip a white child. I told them to keep their hands off of our black children.

You all are going to have to realize we built Washington, we built these buildings and we must have money, we must live decently and I want you all to know it today face to face, because I am not friendly. I am a mad lady and am mad because I do not have a decent place for my children to lay down. They can't get a decent education. You say we are not qualified. How did we raise y'all? I am not raising any more white babies for you. I am not. I am not working any more for \$3 a day, from sun to sun. Then they tell us—you come by here telling me I get \$50 a month disability and they tell me my gas bill is \$26 a month and buy \$50 a month food stamps? I am sorry. We are not coming here to beg. We are asking—we don't want anything from you all. You all go to work and start sitting down like we did. I say you can go to work in the cottonfields. We are not going to do it anymore. You better believe these younger children are not going to take it and we are not going to either.

So please hear us and hear us now and don't be a long time doing it, please.

Senator MUSKIE. Thank you, Mrs. Brooks.

Miss WRIGHT. Mrs. Arsenault.

Mrs. ARSENAULT. I am Mrs. Barbara Arsenault, residing in Resurrection City. That is why I have such a bad cold. I hope you can understand me.

I live in Berkeley, Mich., which is a suburb of Detroit. I have five children. I am an ADC mother. I used to live in Maine, but the welfare programs were so poor that we moved to Michigan. It is a little richer State, I suppose.

I am here as an ADC mother. My five children are on ADC. I do not work. I do not intend to work. I am not interested in a job. I have five children to raise. If I raise them properly, it will repay the cost of keeping me at home on ADC.

It is very hard. It is a subsistence living. I do not buy food stamps because I cannot afford them, \$44 twice a month, cash on the line, for \$60 worth of stamps—I cannot buy less and I cannot get \$44 up except for things like rent, flooded sewers, broken furnaces—first-class emergencies are the only thing I can find \$44 for twice a month. If you miss the food stamps three times, you are ineligible. I mean they are a joke.

This is a Federal program and the administration is just fierce. I wonder who is getting them.

I work with the Office of Economic Opportunity as a commissioner, a representative of the poor. I have seen a lot since I got there. I think a lot of your problems with Federal programs are local resistance. You have to use Federal influence, Federal law, Federal muscle to put these programs to work where they are needed. I have worked with title I, I have worked with Headstart, I have worked with a lot of the big programs, the better-known ones. I have seen—I do not know where the money goes, but we cut money out of this program, we cut children out of it so we can put a few children in it here.

I count children. I know that 1 percent of those on public assistance can work. The rest are children or mothers like me who know they are needed to raise them, or disabled or aged people. Yet I know that most of the poor are not on ADC, they are not on welfare, they are not receiving any assistance.

I am here because I was sent here, because half of the country sent us here to represent all of the poor. All we are doing is asking you to let a few more kids in on the welfare programs, on the ADC program. It is not the best. It is a little over \$5 a week for food for each person. It is not much. I do not think many people here could live on it. We learn how. But at least, it is something.

I am thinking of the children with the bloated bellies. I am thinking of the kids with diseases and no way of buying the food that it would take to cure them. A lot of sickness is caused just by malnutrition.

I wish that you would hear just one thing from me. This is a poor little heap of poor people. We on public assistance are on the top of that poor little heap. It is way down, but it is still higher than most. I wish you would help lift the rest of them up to that little level.

I would like to say something, too, about the Poor People Campaign. I feel like a little sliver of ice on the top of an iceberg. Half the coun-

try is behind this. People have been feeding on us. People have been clothing us, people have been bringing us into their homes for baths. We have been waking up all over your cities, finding our clothes ironed.

I love a cup of tea; I have a jar of instant tea from one lady, tea bags from somebody else. Somebody else paid the bill to get me here. A whole crowd of somebodies are minding my children so that I could come.

This Poor Peoples' March is integrated. I live right down there in Resurrection City. We shiver together, we eat together, we work together. We are having a beautiful experience in brotherhood. It works; it works beautifully. I would like you to take a look at it.

This is what we are talking about when we are talking about integration—people together. Who cares what color they are? And it is working down in Resurrection City. Please listen to that, that beautiful thing down there is just the top of the movement that stretches from coast to coast.

Thank you.

Senator MUSKIE. Thank you very much, Mrs. Arsenault.

Miss WRIGHT. Mr. Williams has just pleaded that he is not feeling well. He has had two heart attacks and he has not brought his pills this morning. He has asked not to testify. He is a man on welfare because of disability and he has an income of \$84 a month. His basic reason for being here is just to tell you how difficult it has been to get on the food program in Mississippi. He still has not succeeded, and against the administrative redtape, the lack of coordination, the inability to get into programs that are designed to help him is just something that continues to break the poor down. So he asks you to excuse him.

The Chief will talk now; Chief Francis.

Mr. FRANCIS. Senators, my name is Representative George Francis of the Passamaquoddy Tribe in Maine. I have two problems; one is whisky and the other is bills. Ten years ago, when I returned from Detroit—I am retired from Ford Motor Co. and worked there 40 years—I returned 10 years ago and the condition there has never changed. I left there in 1909—went home—and the same conditions exist up there in regard to liquor. I have been fighting the State for 10 years, and I have never gotten no place with them. I went before the two Governors, I went before the liquor commission, and the liquor commission said, why do you not clean it up? I was Governor of the tribe at the time.

I said, do you want me to clean it up on 27 cents a day? That was my salary as a Governor.

So I was called to Augusta here about 6 weeks ago. I had a hearing before the liquor commission and I told them at the hearing that water during the winter time, half the houses did not have any water, but we had plenty of liquor. So the commissioner came to see me and asked me, what am I going to do down in Washington? And I said I was going to try to get some help on liquor problems.

He said, do not do that, because the State will lose our welfare.

I said, well, they have lost everything now; what can they lose?

Now, they have taken the milk away from children just 3 weeks ago and have taken the hospitalization and medical care from all of the Indians only in the case of an emergency. Those are the things we do

not know what is going on. Everybody is afraid to say anything. I am the only one on the whole reservation that is able to get up and say something, because people are off the reservation or out of the State.

We have had a lot of publicity through the Boston papers, the New York papers; they cut us out of the Maine papers, blanked us right out. They do not allow reporters to come on there no more. I do not know why.

Several of your Washington officials were up there 2 weeks ago last Saturday on the housing problem. We had a letter from New York out there which wanted to get us, wanted to get houses for us. How can we buy a home when our yearly average income is \$430. They expect you to buy a home on that. That cannot be done. But they are trying to force housing—this is not the Federal Government, I do not think that that has anything to do with it.

But I cannot find head or tail who is behind all this, causing the housing problem. They figured we wanted to build 30 houses on each reservation—there are two reservations—which is impossible for them to make those payments. They cannot even keep up the interest alone. If they do get houses on it, who is going to pay the interest on the houses? Eighty percent of those people up there cannot even pay their electric light bills, because I know; I pay them. I think they owe me about \$2,000 now in electric light bills I have paid in the past, and I will never get back.

So 10 years ago, they had a housing project brought up there and the housing project cost us \$80,000 for 11 homes. Up to now, those houses have cost us over \$200,000 because those houses were built on a swamp. I told them at that time—I was not the Governor at the time. I told them, you cannot build houses on a swamp.

Well, they just took me for granted that I did not know nothing. But 6 months after those houses were built, the foundation went one way and the house went the other way. So they spent almost \$46,000 to put the houses back together again.

Now, they did that twice already. Now, they have to do it again. That is why I am fighting this housing project up there. We do not want to be taken again for \$100,000.

I cannot find anybody who will tell me what is backing this. That is one reason I came down here. I am going to the Housing Authority to see who is really behind it. I know that FHA came up there 2 weeks ago Saturday, and they said they had nothing to do with it. Before, up to that time, they were behind us. Now they fell out. Now I would like to find out just what to do and who is behind all this. This is just nothing but a money scheme, that is all it is.

Now, I had a problem. We have a trust fund up there for \$212,000 which we do not get no interest out of the trust fund. The interest is taken away from us; I do not know why. Our stumpage on the land is \$150,000 a year. That is \$25,000 we are supposed to get that would build at least five houses. In 10 years, you would have them all built on your own money. But they will not do that.

Those are things that I really came down for, to find out why they are holding our trust fund and taking our interest money away from us.

Thank you.

Miss WRIGHT. Mr. Negron.

Mr. NEGRON. My name is Vincent Negron. I am from Brownsville, Brooklyn, N.Y. I represent an organization called Cusa, Christians and Jews for Social Action, in Brooklyn. I am vice president.

I would like to speak specifically to the housing problem we have in Brownsville, Brooklyn. Many of you here have probably heard and read about the 500 empty buildings we have in our community and about the 10 to 20 buildings a day coming down. The relocation department there is not doing its job, for the simple reason that it relocates people into another, adjacent area which is also a ghetto area. The welfare department—let me verify a little thing.

Brownsville is 85 percent welfare recipient. So you take an individual family, you put it into the East New York section, which is the adjacent area of Brownsville, into another ghetto. The welfare department puts the individual family into this apartment which is just as bad as the one that has already been vacated, or that has emergency vacating orders to be out. The individual does not want them and is then put into a hotel in the city of New York.

Then you have a family of nine, you have kids, you have school that the kids have to attend, and they miss maybe 2 or 3 or even 4 months of school, for the simple reason that they are traveling and they have to ask for a transfer, and you know it is not stable, living in a hotel.

Now, you have the urban renewal areas in Brownsville. You have people knocking down our buildings and moving people into another area again, another ghetto area, putting them again into another dilapidated building with rats and roaches again. Then the people are promised to be moved back into these projects; that is not done.

We have spoken to Chairman Walsh from the housing authority in Brownsville; we have spoken to Mayor Lindsay, we have spoken to everybody down there. We have spoken to Frank R. Collier, commissioner of relocation down there.

We ask that the city of New York and the Senators down here look into this and then build houses at the same moment that you knock one down, to build a brand new one right next door to it or to do something, because what you are doing is moving people from one place to another and creating a ghetto in another area. You cannot move people from one house into another house which is in the same condition.

Last year, we had two babies die of pneumonia. And remember the heat problem we had? We had two babies die of pneumonia. If you remember, you may have read it in the paper, the Times, the Good Shepherd Center housed more than 1,000 people in their church so that the people would not freeze over there because of inadequate heat. The landlord cut out on us and left us in these empty buildings. And then the city takes it over and the city is a worse landlord.

I do not have to tell you this, because we have been demonstrating for the past 2 years. We have been nonviolent in Brownsville. We have not had no riots yet. Not one yet. Now, a month ago, 2 months ago, 25 buildings went up in flames. Nobody got hurt, thank God.

But ladies and gentlemen, let me tell you right now, if this keeps up in Brownsville, we, the people of Brownsville must do something. If the Senators here and the Congress, anybody, you people cannot heed to the message that we are giving you down here today, I feel sorry for this country.

I am a Puerto Rican born in the United States, and I wanted to go back to Puerto Rico. When I went to Puerto Rico for a visit, I found out that you are there also. You have taken over also the Puerto Rican country. It was an agricultural country. Now it has become an industrial country. So it looks like we are stuck with the United States.

If we are stuck with the United States, brother, we are going to fight you also in this country.

All I am going to say is I wish you people would take a walk, just a walk, to the Poor Peoples' movement. I have, in my own houses. I have 18 people from my own neighborhood, just the poor people here. We are building our own house over there. I want to tell you it looks better than anything we have in Brownsville. We have something better than anything in Williamsburgh, which is middle class.

We are going to stay there. That is all I have to say. If you have any questions, ask.

MISS WRIGHT. There are two or three things from these discussions which I shall point out. Again from a cursory reading of the bill, do you see any reason why you cannot include in the law that people are not to be removed in urban renewal until adequate housing has been guaranteed to them and, in fact, these people have been relocated in adequate housing? It seems to me again the thing that strikes me about the whole bill is how few social as opposed to technical, values are included.

A city planning friend of mine tells me how much goes into planning a zoo—the animals must have the right temperature, they must have the right atmosphere. They have to have everything of the right size so that the animals can grow and be happy in the zoo. We do not give that much consideration to people.

It seems to me we are concerned about highways. Why is it that we cannot write a law that people shall not be moved from one slum to another until adequate housing can be found for the people and they in fact shall be moved into adequate housing before an urban renewal program can come into force? I do not see any problem with that. It seems to me that is the minimal protection that we can give to these people.

The second thing that worries me a lot, which is good in theory but not in actual practice, is your emphasis on trying to get more State responsibility and you talk about having to consult with and get approval of the local governmental agencies before instituting Federal programs. That is very well, and I would like to see that, assuming you have very strong, built-in guidelines that the States must follow and comply with, and assuming you have procedural systems for review built in. One of the things I would like to ask is that a review system include adequate hearing procedures, because it seems to me that Agriculture, HEW, and a few other agencies of the Government do not have clear hearing procedures. I have asked for hearings at the HEW—a few years ago—and we have gotten no response. Some say that there is no hearing procedure for the public; some say there is but it is so unwieldy that they avoid using it where possible.

Why cannot we write in clear hearing procedures so that people can bring up violations of programs?

Lastly, because the political pressure is so often so difficult to deal with, why cannot we have a system for judicial review of certain pro-

grams if we feel certain laws are being violated in a substantial fashion? I would like to see built into the bills the right to judicial review and a clear hearing procedure.

The third point I would like to make is while we are talking about consulting in the States, one of the problems is that many of the States and localities unfortunately have still not come to the place where they are going to take responsibility. In Mississippi, we are suffering because of money the State loses from Federal programs. If we had the unemployed fathers program in welfare in Mississippi, we would be a lot better off than we are. It is not a solution, but it would keep a number of people from starving. The States, particularly in the South simply have not shown their willingness to take advantage fully of Federal programs by putting up a State matching share, or to carry those programs out in a way in which they are intended.

I would like to see a different kind of bypass mechanism built in whereby if States and localities—you have written it positively as I have read it—must agree to take these things assuming they meet certain requirements. I would also like to see it say that if the State and locality have not seen fit to take advantage of this program, the Federal Government should have the option, in areas of greatest need, to go ahead and carry on the program directly. We might think about that.

I know it is complicated, but again in the food area, I have argued with the Agriculture Department that they have the authority to initiate community distribution programs if the State refuses to do it. They refuse to do it in most, if not every instance. That is our big fight with them. That is why I think that should be left in there, that if the States refuse to do their duty, the Federal Government should act under certain clear cut conditions.

I would like to join with our other speakers here in the invitation to come out and see Resurrection City. I would like to say again, you are Senators with votes. We are here to ask, and I think Mrs. Arsenault is correct, that the compulsory work program for mothers, should be repealed. We are here to say that the freeze is not the answer to poverty. We want that repealed.

We are here to say that we want to work. It seems to me that this Congress, if it wants to, can put together an adequate jobs bill. I know the problems of appropriations, and I know again that there are other ways you can cut it if you want to. We need the job bill. People want to work. It seems to be minimal. This Congress should respond to that very just demand.

You hear the problems the chief talked about of housing. People here say they want decent housing. There is a housing bill pending before you. You people can do that. All of us are aware of the atmosphere in this country today. But again, you are leaders. I think there are many ways you can mold the opinion of this country. You have a supplemental appropriation for summer jobs and Headstart pending in conference; it is minimal. When you are talking about that, you are talking about avoiding 30-percent cuts in Mississippi programs from last year's level of programing for needy Headstart children.

I disagree with the priority that says we should cut out jobs, 30 percent in Mississippi, so that people can be thrown out of jobs this winter and have to come up and take money, the same money you are

trying to save for the summers. You have to feed children in Mississippi now. Is it so unreasonable to say that out of a gross national product of \$860 billion a year, you cannot come up with \$75 or \$100 million supplemental so that the kids who are in Headstart and getting one more meal a day can continue to get that one more meal? We are here simply asking that we not see any more of our children die because of hunger.

We want food stamps that people can afford. There are many adjustments that can be made to get the people in these counties into that program. There is much the Federal Government can do to get emergency relief programs into the neediest counties but since they always claim they lack authority, it seems to me minimal that this Congress should be able to say that it is important to this country that people do not go hungry and enable us to get food programs into almost 400 counties where food programs do not exist.

We come and go to hearings and talk and talk. I should point out that it is not enough that we come here this morning and be graciously received. We want to see how you vote. You must realize the faith of these people is almost at an end. That they can continue to talk to people like you will depend on what you in fact do and do immediately. It is not as if we were coming to pressure you and make you do something right away. We have been saying the same thing now for 5, 6, 7, 8 years. You simply have not responded. We are saying please respond or else we will simply have to begin to lash out, because there is no choice.

You tell people you can either shut up and hopefully die, or give up, or to fight, either with guns or with fires or anything else.

I do not think any one of you would think nonviolence was a terribly great thing if you, Senator Baker, could not feed your child at night. I think you would do everything you could in the world to feed him, when reasonable methods fail.

If you, Senator Muskie, had no decent home for your family to live in or, as Mr. Scott from Baltimore so eloquently in this committee hearing said, had shared your apartment with the rats and roaches every night, you would do what you could to change that. If you could just begin to empathize with the desperate misery the poor live with every day, evaluate your own judgment and come up with a different kind of response from yourself as leaders, for if you are leaders, you ought to lead.

I do not think this Congress has been known for its leadership in the last several years. I hope we can maintain faith in what we think is a good system, but the system simply has to adjust to include other people who are not included in it, or else it will be attacked from outside as well as inside.

We thank you for the chance to come. We hope you will come to Resurrection City.

Senator MUSKIE. Miss Wright, may I say just a few words? First of all, the discussion comes to matters which are unrelated to the bill before us, but we will come to that. We appreciate your constructive suggestions on this bill, and I assure you we will. I cannot predict how other members of the committee will respond to specific recommendations, but I think the committee will be most responsive as a whole to suggestions you have made.

I think it has been helpful to us as Senators, also, to hear what you have to say about other Federal programs. I am not a member of most of the other committees which are involved in these programs, although I am a member of the Housing Subcommittee. So it is helpful to get this insight that you have given us in these several states.

With respect to some of Chief Francis' problems, I shall undertake to get in touch with the appropriate State agencies to see how helpful I may be in that direction.

We welcome you all here. We understand that you are not satisfied with the opportunity to be heard. Nevertheless, it is important you have that opportunity. We have been most happy to give you that opportunity before this committee and these two Senators this morning.

With that, I hope that I will get down to Resurrection City, and expect to.

Thank you very much.

We will recess until 10 a.m., tomorrow.

(Whereupon, at 11:45 a.m., the hearing recessed, to reconvene the following day, Wednesday, May 22, 1968, at 10 a.m.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

WEDNESDAY, MAY 22, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:25 a.m., in room 4221, New Senate Office Building, Senator Edmund S. Muskie (chairman), presiding.

Present: Senators Muskie, Baker, and Hansen.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order. I think we will shortly be granted an exception to permit us to hold hearings in spite of the fact the Senate is in session this morning. If not, we will have to discontinue, but in the meantime, let us proceed.

Our first witnesses this morning representing the National Urban League are Mr. Wendell G. Freeland, member of the board of trustees, and Mrs. Murice Jefferies, community organizer, neighborhood development center and program, Washington Urban League.

Mr. Freeland, won't you proceed in your own way.

TESTIMONY OF WENDELL G. FREELAND, MEMBER OF THE BOARD OF TRUSTEES, NATIONAL URBAN LEAGUE, ACCOMPANIED BY MRS. MURICE JEFFERIES, COMMUNITY ORGANIZER, NEIGHBOR- HOOD DEVELOPMENT CENTER AND PROGRAM, WASHINGTON URBAN LEAGUE

Mr. FREELAND. Senator, the National Urban League appreciates this invitation and opportunity to appear before the subcommittee and add to your body of knowledge the information and evidence the league has gathered over its years of experience from the many affiliates.

This statement was originally prepared by the Washington office last week and we had only 87 affiliates, but we had a meeting in Indianapolis of the board of directors and we brought in three new urban league branches, one in Lexington, Ky., one in Albany, Ga., and the other in Nashville, Tenn., so we now have 90 affiliates in the United States.

I am a member of the national board of trustees and former president of the Urban League of Pittsburgh. As you undoubtedly know, the league has been operating for some 58 years to secure equal opportunity for Negro citizens and other minorities. It is nonpartisan and interracial in both its leadership and staff.

The national office is New York, and Whitney Young, I suppose, is our No. 1 product as our executive director.

We have a trained professional staff operating in day-to-day activities in using the techniques and disciplines of social work in performing services of the league. The professional staff numbers more than 800 employees whose operations are reinforced by some 8,000 volunteers who apply expert knowledge and experience to the resolution of racial problems and racial relations.

I am among the 8,000 volunteers with much experience, but little expert knowledge.

The proposed legislation which you have introduced will insure the fullest cooperation and coordination of activities between levels of the government in order to improve the operation of our federal system. At the time this legislation was introduced in the first session of the 90th Congress, there were some 220 Federal grants-in-aid designed to assist the State and local governments. These were administered by 16 departments and agencies of the Federal Government. It should be noted that more than 75 of these 220 grant-in-aid programs have been enacted since 1961.

There are obvious problems and there will be obvious problems for those responsible for the administration, and also for those the programs are designed to serve.

The consolidation of programs as proposed in title VI seems to us to be one of the ways, or one of the approaches, which will solve some of these problems. In any single area of concern, there are so many different programs that the average citizen soon becomes lost in the Federal maze, and is thereby deprived of the right of supporting services.

But, more importantly, he loses confidence in the institutions of government, and I think this is what we are seeing throughout the country today. For example, in the manpower field alone, there were some 57 programs for vocational and job training last year. In Pittsburgh, there are so many programs for job training we really do not know where we can find the people to be trained or where we can put them, or which office they should go to.

The unsophisticated, poorly educated jobseeker is expected to become, overnight, educated and sophisticated and select the plan that best suits his experience and needs. Today, because of the time limitations and because of the interest of the Urban League, I would like to talk most of all about title VIII, which deals primarily with uniform relocation assistance.

This title deals forthrightly with the problems which have been of primary concern to the National Urban League for a long time, and indeed, still confront us today on a daily basis.

The establishment of a uniform policy for the "fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs" would be one of the greatest services this body could render to the rank and file of American citizenry.

To the homeownership ghetto dweller or ghetto businessman or tenant, such a unified policy would have the greatest possible meaning.

The way we are now, those who are least prepared to battle the strong arm of established government as represented by the eminent domain proceedings are also those who lose most under our present relocation programs. All too often these people know little or nothing about relocation payments, advisory assistance, or assurance of availability of standard housing. The same is true of the ghetto businessmen who are displaced or forced to discontinue business because of local or State relocation programs.

Most know nothing about the programs presently designed to provide an orderly transition with a minimum of inconvenience. Thousands of individuals are affected each year by such Government projects as urban renewal and highways—a great many are minorities living in slum areas. According to your own statement before the Senate, Federal and federally aided programs are estimated to displace approximately 111,000 families and individuals, 18,000 businesses and nonprofit organizations, and 4,000 farm operators each year.

While these programs sometimes work hardships on individuals who are not poor, the practice has been to concentrate on the poorer areas, and I think this is because the residents of those areas are least likely to have the political power or the know-how to beat city hall downtown.

Even where highway and urban renewal programs are administered fairly, there is a great need for advisory assistance. As you have said in introducing this legislation, and I quote, "The poor, the nonwhite, the elderly, and the small business people all need intensive counseling to prepare them for, and to help them carry out their move."

The major problems we face today with relocation was tersely summed up by Newsweek recently in its "Negro in America" special edition. The editor said:

"Urban renewal, which was designed to rebuild decaying city centers, has in practice all too often meant Negro removal; in Atlanta, for instance, 67,000 people were displaced by the leveling of slums and only 11 percent were relocated in public housing."

The problem is further compounded by the fact that "unequal treatment" often results from the limitations of programs themselves, even when they are administered fairly. Two families living side by side could receive drastically different benefits and assistance simply because they were displaced by different programs.

I think the record shows that a federally aided urban renewal project would give to a homeowner moving costs up to \$200. The person next door owning his own home under the federally aided highway program would receive \$200 only if the State has authorized participation in the Federal relocation program.

Inconsistencies for payments for business moving expenses are even greater. The Federal-Aid Highway Act allows expenses only up to \$3,000, while displacement by a federally aided urban renewal project entitled the businessman up to \$25,000 for moving costs.

I would like to relate, if I may, some of the relocation experiences the urban league has encountered in some of its affiliates.

The Urban League in Detroit, for example, has conducted several studies which could prove useful to this subcommittee. Mr. Roy Wil-

liams, the housing specialist for the Detroit Urban League, is to make available to you certain information. In a "survey of the quality and availability of housing listed by the Detroit Housing Commission," the urban league found that a majority of houses fall in one of three categories. They were (1) substandard, (2) too expensive, or (3) already occupied by someone else.

A common complaint in Detroit is that housing which is torn down by the Housing Commission is, in many cases, better than the housing into which the residents are forced to move.

In New Orleans, though there is no urban renewal authority, there are still many problems for those who must be relocated. The housing director in the New Orleans office says that the "main villain has been the interstate highway program which provides absolutely no relocation assistance."

I would note here that many of the aspects of the highway program to get people around cities and into cities faster—out of the cities and into the suburbs—are the result of the flight from the cities and the flight from the problems of the cities by the white community.

Other difficulties arise, of course, in New Orleans, from closing down of properties because of code enforcement. For instance, when the slum lords closed their tenements there usually are no relocation efforts by the city government because no urban renewal funds are available in New Orleans.

In Elkhart, Ind., we are told that the people who are replaced by urban renewal are not always included in the local public housing program. This is primarily because many of these individuals are welfare clients and city officials limit the number of "minimum rentals" admitted to public housing.

It is sort of a quota system, as it were.

In Fort Wayne, Ind., urban renewal plans for the Hanna-Creighton area were announced in 1961. Of the 490 families living in the area 90 of them are still waiting to be relocated. Relocation services were generally considered inadequate in relocating the other 400 families. There is an inadequate supply of replacement housing for no-income tenants.

In another area of Fort Wayne, the city exercised the right of eminent domain to clear away housing to make space for a commercial concern. Several families were forcefully evicted. Presently, there are five families still living in the area awaiting the outcome of a legal suit to obtain a fair price for their homes.

In Cleveland, the renewal programs have caused the coining a new phrase, "Urban Renewal equals human misery." Television station WJW, in an editorial, states:

Since the beginning of urban renewal in 1957, hundreds of poor Cleveland families have been bulldozed out of their homes. Though the city has poured millions into urban renewal, it has barely lifted a finger to find new housing for displaced families.

The Little Hoover Commission Report found that urban renewal in Cleveland has been "grossly neglected" and challenged city officials to adopt a more positive, more humane attitude in relocating men, women, and children who are uprooted from their homes by the action of city hall. The Commission said that in one renewal project, "1,700 families were forced from their homes, and as far as the city knows, 1,200 of

these families disappeared from the face of the earth because no provisions were made for them."

From Miami we have another report that the "State Road Department, in removing people for highway construction, did not give sufficient notice of relocation assistance to those displaced. The State legislature did not pass the necessary laws to implement relocation payments, so this money was not available to displaced persons."

Since May 1967, the Miami Urban Renewal Agency has been responsible for the relocation of displaced persons and has made considerable progress toward its goals. The fact remains, however, that the agency does not have the funds for relocation payments.

Report after report, Mr. Chairman, from our local affiliates tell the same story—in too many cases urban renewal means "removal of low-income Negroes" and in too many instances this removal is accomplished without the benefit of assistance payments or advisory assistance in terms of finding decent, sanitary, alternative housing.

We also have reports from Dayton; Elizabeth, N.J.; South Bend, Ind.; Champaign, Ill.; Omaha, Nebr.; New Brunswick, N.J.; Flint, Mich.; and San Diego, Calif. All of these are having similar difficulties in working for the relocation of individuals displaced by Federal and federally assisted programs.

From the foregoing you can see that one of the most glaring problems relating to the various grants programs is that relocation policies are both inconsistent and inequitable. The common thread which runs throughout the reports we have received can be summed up in four statements:

1. There is an inadequate policy for making assistance payments and providing advisory assistance;
2. There is no positive, affirmative assistance in locating decent, safe, sanitary housing comparable to that being vacated by displaced persons, or more desirably, better than that being vacated by displaced persons;
3. In most cases, there is a lack of adequate notice before being forced to move; and
4. There tends to be an unwillingness of local officials to comply with the "spirit of the law" in providing assistance to the displaced.

Let me digress from the prepared statement and point out that in Pittsburgh, which is so proud of its Golden Triangle and its new arena, when there was the Housing Authority of the City of Pittsburgh, a separate public corporation, which was the responsible agent for relocation at the beginning of the program of urban redevelopment and renewal—the Housing Authority at that time accepted this responsibility. It had an obligation to accept the individuals who were eligible for public housing, but, once that responsibility had been accepted we found many instances of early eviction of people who should have remained in housing authority projects but who were undesirable as far as the housing authority administration was concerned.

The letter of the law was "obey the spirit." These problems are not new.

Three years ago the Advisory Commission on Intergovernmental Relations issued a report on "Relocation: Unequal treatment of people and businesses displaced by governments."

In that report, the Commission analyzed governmental policies and practices in relocation cases at all levels of Government. One of the report's basic conclusions was that persons and businesses displaced by Federal, State, and local level by public works and other programs, are entitled to assistance and relocation, and this title extends to lessees and tenants as well as to owners of homes and businesses.

The National Urban League concurs in this conclusion and offers the following recommendations to implement the Commission's findings:

1. Provide for the full cost of relocation of persons or businesses displaced by Federal, State or local public improvement programs;
2. Monitor the enforcement of regulations to insure that all displaced persons—owners and tenants—are given advisory assistance and the services needed to find decent, alternative housing; and
3. Require proof of available alternative housing before the release of Federal grants-in-aid funds.

Among the nine major findings of the Commission's study, two are extremely important and of special interest to the National Urban League, and are worthy of note here:

1. "The worst problem in relocating families and individuals is the shortage of standard substitute housing for low income groups."
2. "Nonwhites have the most difficult relocation problems of all population groups. This comes from their general lower economic and educational status; the impact of urban renewal and code enforcement programs on neighborhoods where they are concentrated; and public and private practices that restrict their access to housing."

These findings by the Commission support the statements I have made here today. Negroes and other minorities are placed under a sort of legalized "double jeopardy." This double jeopardy consists of the inadequate policies of the Government which, at best, overwhelms those at the low end of the economic totem pole, and the all-too-frequent failure of local officials to even advise the poor about the limited benefits and assistance provided by law.

We commend this subcommittee for the comprehensive legislation it has proposed to deal with the problems of relocation payments and assistance available to persons and businesses displaced. The National Urban League believes the bill, S. 698, to be extremely important and timely. While by our very nature we can add little technical knowledge to the proposed legislation, I believe that some thought must be given to the relationship of past practices to the Nation's most critical problem.

Much has been said and written in recent years and days, and even hours, I suppose, about riots, civil disorders, civil disobedience, and breakdown of law and order. But not very much has been said about justice. Not much is being done to mend strained relations which threaten to rend the Nation into "two societies, one black, one white—separate and unequal."

The past practices of Government at the State, local, and Federal levels in regard to relocation have strongly tightened the noose of the white community around the black ghettos in America. While we beef-up our police departments and train our National Guard units in our long-range plans for improving the center cities, conditions that sparked the disorders in the past are growing worse.

The population of our ghetto is growing at a fantastic rate. 500,000 more people will be living in the ghettos of America by the end of this year, as compared with the beginning of the year. By 1985, which is not too remote for those of us who look to that year as being possible in our existence, the Negro population in our central cities will increase by 72 per cent.

In concluding, Mr. Chairman, I would suggest that meaningful action must be taken to avoid even more destructive civil disorders in the months and years ahead—disorders which will surely be costly in terms of human lives as well as the loss of public and private property.

This is not to deny that some movement has been made. Indeed, we have made movement. We have made advances through social legislation such as the Economic Opportunity Act, the Civil Rights Acts, the Manpower Development and Training Act, and even some aspects of the urban renewal highway construction bill.

But the racial gap still widens.

What we need is a national commitment to seek a solution to the country's problems—a sense of national urgency that we have not seen before.

For the poor people, many of whom are in this city today, there is a "light at the end of a tunnel" and they are running fast to reach the affluent society which they believe lies at the end of the tunnel. Their race to the end of the tunnel is a determined race and it will not be stopped by repression—not even in the form of concentration camps or detention centers. We must meet the demands for human dignity—the clarion cry for a share in the American dream.

We believe the provisions of S. 698, not only the particular title to which I have devoted most of my time, but other sections, are a step in the right direction. This bill and other progressive legislation may extend hope to the despairing and faith to the cynic. If it does, this bill and this committee will have rendered a major service to the Nation.

Senator MUSKIE. Thank you very much, Mr. Freeland. We will hear from Mrs. Jefferies now, and after that we will have a few questions.

Mrs. JEFFERIES. I am Murice Jefferies, community organizer of the neighborhood development center. We are located only a few blocks from here in the Northwest One Urban Renewal area. I started at the center in 1965 as a neighborhood worker. I am also a displaced person of the Northwest One Urban Renewal area, and I was hired to work with my neighbors and friends around urban renewal projects in this community.

The neighborhood development center serves the area that is Northwest One Urban Renewal. Directly across from our center is the route of the center leg freeway, and about two blocks north of our center is the Shaw urban renewal area; so all around us some type of public work is going on.

I have submitted to the committee copies of my testimony "Pierce Street: An Urban Renewal Experience, Two Years Later." Because of its length, I will only read or speak to some of its contents.

The neighborhood advisory council of the Urban League Neighborhood Development Center published a report in August, 1966 relating to the experiences of families relocated from Pierce Street in the

Northwest One Urban Renewal area in Washington, D.C. The report was prefaced by a number of recommendations to the community and urged appropriate agencies and persons to make modifications in current relocation procedures and programs.

Much of the effort expended by the community organization program of the neighborhood center during the 2 years since the report was released has been devoted to the implementation of these recommendations. How well both the community and the urban renewal agency, the Redevelopment Land Agency, have succeeded in making modifications is summarized in the following statements.

One recommendation to RLA was to increase effective use of social services to meet family and employment problems.

Interpretation of regulations relating to eligible project costs denies local agency permission to provide direct services relating to relocation.

Unsuccessful attempts have been made by the local agency and community groups to get District government agencies to provide new neighborhood services for Northwest One residents. Moreover, there has been a gradual curtailment of services provided by the anti-poverty program. Since 1966, the neighborhood employment service, located in the area, has been shut down. The neighborhood legal service office was merged with one in another part of town; and the housing office which conducted a code enforcement program has been closed. Of the remaining antipoverty programs, only three provide direct services to residents—1 day care center, a credit union, and a family counseling unit, all of which serve an area-wide population of 30,000.

Residents have been demanding new social services during the entire period of family relocation. They have made appeals, presented testimony, appeared at budget hearings, and issued reports to the Board of Commissioners and the City Council, the Urban Renewal Operations Committee, the community renewal program, the Board of Recreation, the Department of Sanitation, the Department of Licenses and Inspections, the Board of Education, the Police Department, the Department of Public Health, and USES-DC. Additionally, an inquiry has been made of the National Capital Housing Authority to discover whether the Agency can provide any social services to residents who hold priority rights to return to new public housing in Northwest One. The Agency regulations apparently bar such "advance" social services.¹

Another recommendation made by the community was to provide more assistance in obtaining documents needed for public housing. "Illegal tenancy"¹ was a problem relating to documentation which was discovered in the fall of 1967 when the site was being evacuated for the construction of the first moderate income housing. Several families who claimed they had lived in the project area for several years but who were not included among the Agency's list of surveyed families and individuals were reported to be denied relocation benefits. They were termed "illegal tenants" because they were presumed to be living in acquired properties without authorization.

Additional evidence of incompleteness of original survey information was revealed in late 1967 as prospective lists of tenants were being contacted to apply for housing. Almost a dozen families who

¹ Congressional review recommended.

were able to present evidence of their prior tenancy were denied first right of refusal because the Agency had no record of them.

Another recommendation called for a staging plan. A staging plan providing a construction timetable was prepared and presented for community consideration in September 1966. One purpose of the plan was to provide tangible evidence to residents that they did not have to move out of the area in advance of construction timetables. In May 1967, the Agency's policy on demolitions was sharply challenged by the community, resulting in a new agreement, with steps outlined to guard against panic moves by residents and to maintain and improve the quality of the life of the community during redevelopment. A second purpose of the staging plan was to help residents identify with and participate in planning for new low- and moderate-income housing to which they would hold first priority to return.

The staging plan was not adopted as binding but as a plan subject to revisions which would better serve needs of residents. The following modifications in the staging plan have been supported, but not yet achieved, by the community:

- (a) A new elementary school building (estimates of classroom shortages run to 1,000 seats).
- (b) One of the housing complexes to include an early childhood center (preschool through first or second grades).
- (c) The shopping center to include at least one community-owned business.
- (d) Switch a public housing and moderate-income housing site to allow a construction speed-up.
- (e) Provision of some new and rehabilitated units as sales housing (13 units scheduled to be ready July 1968).
- (f) Extension of boundaries of the renewal project to include the approved section of the center leg freeway so as to provide air rights housing over the freeway and additional housing beside the right of way.
- (g) Speed-up the beginning date of a community facilities building.
- (h) Creative development of open spaces for recreation use.
- (i) A public swimming pool.

Another recommendation included in the Pierce Street report was to reserve a pool of standard rehabilitated housing to be demolished in the final stage.

A pool of standard rehabilitated housing was not provided. Present legislation tends to bar urban renewal agencies from improving housing designated for demolition.

The community was successful, however, in getting the Department of Highways and Traffic to invest in the 1967 rehabilitation of a 34-unit building which was scheduled to be demolished in 1970 to accommodate the center leg freeway. (This area is scheduled to become a part of Northwest One.)

I would like to add, sir, that I think it is very important for citizens to be allowed to live near or in the project site in onsite housing. We have had a chance to help with the planning in our community. I served on the board of directors of Sursum Corda, the first nonprofit housing organization to build here; and assisting

in the community and working with neighbors, we have had an opportunity to help them plan. Their original plans that they had brought to the community have changed an awful lot. Before they began construction, we had an opportunity to show their architects our lack of closet space, lack of storage space, and washroom facilities, and all types of things that were actually needed into a home rather than just a space or a room for a bed and a dresser.

Among other recommendations made in 1966 was one to inspect all private relocation housing before occupancy.

Improvement in inspection procedures have been made, but generally are not satisfactory. The License and Inspection Housing Division often does not respond promptly to inspection requests, and delays in inspecting properties sometimes result in rental of units to another prospective renter. The Agency conducts preinspection by its own staff to make judgments about conditions of properties. (Some landlords do not list with the Agency nor will some rent to relocatees because they do not want their properties inspected.)

We also recommended to RLA that the Agency, verify rents and pay rent supplements to maintain gross rents at a maximum of 25 percent of income.

Some progress has been made. The number of onsite locations is believed to have reduced substantially the number of Northwest One families who would pay excessive rents in private housing. No new studies are available which invalidate the Pierce Street figures that 50 percent of families relocated pay more than 25 percent of income in rent; that 40 percent of families relocated pay over 30 percent; and that 20 percent of families relocated pay over 50 percent in private housing.

Families or individuals living in areas of urban renewal, freeways, school sites and other public work areas, suffer more than one disgrace. Because of lack of relocation housing, our center area has all the above mentioned and we live in fear, confusion, and apathy. Homeowners who are living in the Northwest One area find it very difficult to rebuy a home for the amount they were paid. Many of them were eligible families who were living on social security. They could not meet other high payments, and the amount of money that they had excluded them from public housing.

Families with children can answer ads in the paper when they see a house for rent. Once you answer the ad—and you have children under 14 years old—they say they do not want you in the property even if you can afford the property. I have five children and a mother-in-law. In fact, there are eight of us in our family, and I know the difficulty in just trying to get a different home to live with your family. If you can afford to pay the rent, they do not want the children, and who wants to move from low standard housing to another low standard house?

Even if they are small families, maybe a husband and wife with one child, who would not particularly like to live in an apartment, but cannot afford maybe a two or three bedroom house, they cannot find any place in the District. People are just, you know, almost just giving up looking and walking and answering ads and calling, and as a result, many people lie to get into homes. Where the inspections are made, sometimes the landlords find out and the family will have to move.

Some of the families I have worked with in Northwest One has made at least three moves since they left the site in 1965. Some have moved since 1966, and so on.

There have been many families that split up because of urban renewal. They were living already in overcrowded conditions, they could not find a house maybe as large that they could afford, so maybe a daughter or a son in their late teens would move into another place, giving the mother and father a chance to move into a home.

As a result, this money is taken out of the home and they are struggling with the high rents, plus the utilities. In substandard housing the utilities are so high that many of us find ourselves in urban renewal areas trying to make a decision: what will we pay this month, our utilities or our rent. You cannot live without heat in the wintertime, and because of the openness of the home you find the rent—the utilities very high. I myself have had to purchase 100 gallons of oil a week. This averaged around \$70 a month. This is very high money for a family even if the husband and wife can work.

I would like to mention a little bit here about public housing. Living arrangements appear to be a continuing major cause of ineligibility for families trying to get into public housing. This includes nonmarriages, as well as inclusion in the family unit of persons not related by blood marriage. National Capital Housing Authority will accept common law marriage, but refuses to extend eligibility to families whose heads are barred from a legal relationship—i.e., one partner separated from but legally married to another—although they have been living in a stable relationship for a long period of time.

Also, the interpretation of regulations bars elderly people of opposite sex who are living in a companionship or housekeeping arrangement. It is believed that a substantial number of old people are barred from housing for the elderly because of this ruling.

The inclusion in family units of persons not related by blood or marriage has served to disqualify some families. This may include children and elderly single persons as well as mentally or physically handicapped or incompetent persons.

We have one family that is not eligible because it includes a lady who had been a ward of St. Elizabeths Hospital. She has to live with someone. This lady is not related to the family so she is not eligible. Take children, for instance, a child that you have not legally adopted, but you have probably had since infancy. You cannot be moved into public housing since you are not related. These kinds of problems seem so simple to the individual, but when it comes down to actually applying for public housing and filling out the papers, this is another problem.

A further recommendation to the urban renewal agency was to help families raise incomes.

Helping families receive benefits to which they are entitled (welfare and social security) and supplementing incomes through part-time employment does not solve problems of individuals and families with incomes too low to qualify for public housing. Among persons to be relocated from the path of the Center Leg Freeway and from the older section are some whose lack of earnings will bar them from public housing. Northwest One now has a number of families and individuals

living in acquired properties who for a variety of reasons are not eligible for nor are able to afford any type of decent housing.

So here we will have people going from one room to another room, and all kinds of problems. Estimates show that 10 to 15 percent of city-wide dislocatees are too poor for public housing.

I would like to add, sir, this little paragraph from the Pierce Street Report: "The families from Pierce Street do not gain from urban renewal in their block, and yet it is they who have paid the price. Statistics alone cannot express the story of these people, the anxiety, the fear, the days spent in official run-arounds, the breaking up of families, displacement, and the helplessness that accompany this. These elements must be added to the cost. Does the community have a right to impose these burdens on those living in the paths of improvement for the greater public good? Does the price the poor pay for being so poor have to be so high?"

Thank you.

Senator MUSKIE. Thank you very much, Mrs. Jefferies. This is excellent testimony, and we are especially appreciative of your very specific and concrete recommendations. It is all too often that we get people who express concern about the problems, but do not help us to work out the specific details. Your experience on Pierce Street has been an invaluable source, and I think they are very practical and concrete suggestions.

Then you have additional statements or other statements that have been prepared?

Mrs. JEFFERIES. Yes, these statements are some that we thought would be helpful. They include the Pierce Street Report, issued in August, 1966 our proposal for interim housing in Northwest, and a proposal for school site selection. We have taken or have a policy here on school site selections which we thought would be of interest.

Senator MUSKIE. These will all be included in the record.

Mrs. JEFFERIES. Thank you very much.

(The materials referred to will be included in the appendix of these hearings.)

Senator MUSKIE. There have been several other suggestions offered in the course of the hearings, and I might pose a few of them to the both of you to get your reactions. I could anticipate some of your answers, but we might just as well put them.

One is that we ought to require that the housing where the displaced will be relocated be available before approval of renewal programs so that the renewal areas remain habitable to families that are relocated. I assume that you both approve of this?

Mr. FREELAND. Yes.

Senator MUSKIE. It is implicit in some of Mrs. Jefferies suggestions.

Mrs. JEFFERIES. This, also, we have discussed in the proposal for the school site selection. We have one school site where the families were moved out, and on this very site they have moved in families from five other school sites at the same time they were trying to get the families out. The community feels strongly that homes should be built before they demolish homes for another school site, and also the same for urban renewal. We feel that there should be a home for a home.

The relocation plan to me, has been very lackadassical sort of thing and they cannot produce the relocation homes that they say they have available in the city.

Senator MUSKIE. The impression I get from your description of relocation programs in the city is that it is a sort of hit or miss thing, that it may or may not produce results?

Mrs. JEFFERIES. Right, and if you are a relocatee eligible for public housing, there seems to be a good chance that when a unit is available, you will get one if you are eligible. If you are not eligible for public housing then your chances are pretty slim.

Senator MUSKIE. What happens to the people whose income is too low to make them eligible for public housing? What do they do?

Mrs. JEFFERIES. Well, they try to—we have tried to help them, as we mentioned, get part time jobs or something, which is not always the case. They usually end up in a room, in with relatives, this type of thing, and sometimes they move into substandard homes that they cannot afford to pay for. These families or individuals cannot even afford the \$12 or \$15 a week for a room.

Public housing would be much cheaper——

Senator MUSKIE. The net effect is the overcrowding of existing housing, unless plans are made for additional development?

Mrs. JEFFERIES. That is very true.

Senator MUSKIE. Would you concur in that?

Mr. FREELAND. I do. In fact, if you look at the statistics of relocation, you will find that many people are relocated two or three times out of slum area No. 1 into an area which becomes slum area No. 2 and then into area No. 3. This is one of the reasons, I suppose, that some of the statistics are so alarming, because we are talking about the same individual, the same family several different times.

Senator MUSKIE. If we were to require the condition of Federal funding that the housing problem of all people displaced be solved before the project moves forward, how adequate would our funding of urban renewal and highway programs at the present time be? Do you have any estimate on that? I assume that this would slow down these programs.

Mr. FREELAND. It would. But one of the problems at the local level, of course, is that as soon as the Federal Government says there is money available the agencies rush to get it, and I think that this "hit-and-miss" proposition has been going on for too long, not just in relocation and housing problems, but in many other areas of Government activities, and I think that the primary responsibility in the housing should be the use of some of these dollars and cents, and also some of these dollars and cents available from private sectors for the provision of decent, safe, and sanitary housing for those people who are to be displaced. Symbols are important to people, and the builder is a symbol of destruction, and if there is no symbol of construction, the lack of confidence in a Government and society just increases and is one of the root causes, in my opinion, of much of the disturbances in many of the core cities of America.

In my own community in Pittsburgh, an area which had been planned to death literally (of course, all of the plans are no longer in the books today), the people said no more bulldozers, and I honestly believe that the people of that community in the city of Pittsburgh will stand in front of a bulldozer until they find homes for the people who may be displaced.

Senator MUSKIE. Now the fact is, of course, that there are a lot of these projects, highway and urban renewal, and other public projects, that were planned for these areas because they were eyesores, not only because of the reasons that you gave in your testimony. The people in these areas are the people least forceful to city hall. But the community wants to eliminate these eyesores. These eyesores themselves are a reflection of inadequate housing.

Mr. FREELAND. Correct.

Senator MUSKIE. What are the possible sources of housing, as you see it? Public housing, we have been told over and over again in the Housing Subcommittee of the Banking Committee, is not the answer. Rent supplements are a very experimental part of the administration program, entirely innovated to the local need of housing. Rehabilitation of housing is another program that has been started. Obviously, we need a greatly expanded program. What are the possible directions in which we might move to expand the housing supply for low income people?

Mrs. JEFFERIES. Sir, long before we get there with the urban renewal program as such, I would like to see us move first to inform people in the community as to just what urban renewal is.

Our area was declared urban renewal in October of 1963, but when it arrived in 1965 people wanted to know, what is urban renewal, who is RLA. There is such a little bit of knowledge in the community.

Now, being fearful of inspectors and people that might see that you are evicted, naturally when a man comes to my door I would say I only have three children, or my mother-in-law does not live with me; and as a result, they are illegal tenants when RLA acquires the property. So, I think you need to think about these services that should go into the urban renewal type of area that would help the families prepare themselves for urban renewal, and then you can actually be able to find out the housing needs. Then people will have confidence in the agencies and begin to confide in them and let them know the truth.

Now, in order to rent a house, the landlord will want to know how much money you make a week. Now, if the house is \$100 a month, I am going to certainly say my husband makes \$100 a week. He might only make \$75, but unless I say this, he will not rent me the house. So, as a result, I am living in the house that I really cannot afford.

Now, when the Government begins to take all of the information down and sees this, or in planning for a home for me, here is a lady that can pay \$100 a month, when actually I can only pay \$50, and this type of thing, so I think the services should go in long before the planning for actual homes and so forth are developed.

Senator MUSKIE. But if your experience is any indication, once you have got a house, once you have surveyed the need, you are going to find a need for housing that is not met by the community without the urban renewal projects and without the highway projects.

Mrs. JEFFERIES. That is true, sir.

Mr. FREELAND. Senator, I feel that in answer to the first question, that two things are absolutely vital. Euphemistically, it is described in my statement as public and private practices restricting the access of Negroes to housing. The Kerner Commission calls this, in another way, the color tax, and what one finds at the tenant level in almost

every big city is that when Negroes move into housing which is available, which has formerly been all white, there is an increase in rent. Now, in other words, I am suggesting that until the public and private practices which restrict housing supply available to nonwhites in America are ceased with the aid of legislation presently on the books, with the aid of enforcement of that legislation at every level, there will be no resolution of the problem.

Secondly, and more importantly, though I recognize the eyesore, and I even remember the first Supreme Court decision when eyesores become a factor in the right of a municipality to exercise eminent domain, these eyesores will be with us forever unless we have good planning, and I would say let us have the eyesores, but decent housing, and if it means fewer urban renewal projects, we just have fewer urban renewal projects. The country must make a choice. If it means more money for planning and developing housing before the other housing is torn down, that money must be made available or we must recognize that we have failed in one of the most important areas of the American way of life. I think the decision, at least the points about which the decision can be made, are pretty clear. There must be free access to the housing market by Negroes, and too, Government must decide whether the eyesores, the esthetic problems, are more important than the human problems of decent, sanitary, and safe housing for people.

Senator MUSKIE. Now, what you two have said, in effect, suggests that the humane relocation policy cannot be developed unless it is accompanied by an expanded housing program.

Mr. FREELAND. Correct.

Senator MUSKIE. You have made another point that had not occurred to me before. You say that as housing is destroyed to make way for urban renewal and highway projects, that it has the effect of shrinking the housing market and thus aiding or creating an upward pressure on rent. To what extent is this the case?

Mr. FREELAND. I think that it can be supported in every major community in America, In Pittsburgh, for instance, just as an example, there was an old furniture warehouse, No. 1 Miller Street, and when relocation efforts were made in order for us to have a new civic arena with a retractable roof that never seems to work—we got it—and three blocks away there is No. 1 Miller Street, and this old furniture warehouse became a dwelling unit for about “5 million”—it seemed “5 million” people.

I mean, I do not know how many people were in that building. They had little closets that became rooms, and the social services that were rendered to the people in there were fantastic, and, of course, in larger cities this is duplicated on even a greater scale, but this is just one example, and the rent was whatever the market would bring, as Mrs. Jefferies has pointed out.

The poor people, black people in America, do pay more of their income, percentagewise, for housing. This is the color tax, and I am certain, as I said, though I have no specific statistics, but these could be made available from our national office, and I know in the data before the Kerner Commission you would find the rate of increase for the displaced person in his new setting, and I think the rate of increase is substantial and it is prohibitive when you consider the actual income of the persons usually there.

Mrs. JEFFRIES. Sir, I feel strongly about the staging plan. This is working somewhat in our area. The first families that moved from Pierce Street and some of our area in 1965 moved back a few weeks ago into new public housing. They are in housing on the old Sibley Hospital site. This was something that we had to look forward to, and the people in the community. Now, we have 22 four-bedroom townhouses. These were filled up with residents that lived in the area that were eligible for this size, and those that had moved out. Now the list is ready of families living in Northwest one area of elderly individuals, you know, couples, and then for families eligible for two-bedroom units. So, here we are moving people back into the area that has been redeveloped already, and at the corner next to it is coming out of the ground: and just yesterday the architect said these units might be ready by Christmas. So, then another part of the project area will be completed.

Now, in the beginning we had one block, Pierce Street, that had to have all the families relocated to begin this project site. That was the only little square of about 50 families that had to go. Some of them were relocated in the area on site and the others moved out into public housing, or into some private homes.

I think an effective staging plan would be very good to help relieve relocation problems. Somebody would have to move, but certainly not everybody. Then we work to speed up the maintenance service, give a little bit more maintenance; and families are able to live in the homes until something is ready.

Now, the homes that are being built now are 221(d)(3) homes, and the sponsor will use the rent supplements and the public housing leasing program. So here we will have mixed families here in this project area. It is a very exciting thing and we have worked long and hard as a community to bring about many of these changes and recommendations that we started back in 1965.

In fact, just a couple of weeks ago one was implemented, and that was reducing the rent to 25 percent of the income, and a couple of months ago we got guards in the area to patrol the area, because the police services decrease as families move out instead of increasing, and you are living between boarded up homes. So, I really believe in the staging plan, but it needs work.

Senator MUSKIE. Well, the staging plan, as you have described it, I agree. I think it makes all the commonsense in the world. It is a phasing of the whole project to insure minimum displacement of people at any given time.

Mrs. JEFFRIES. That is right.

Senator MUSKIE. And adjusting that displacement to the creation of housing opportunities within the project itself, and perhaps the temporary use of housing within the area.

Mrs. JEFFRIES. Right, this interim housing that we had here, all of these are very exciting things that can help to relieve the human suffering in the urban renewal in freeway areas and the area that was rehabilitated which brought the people from the center leg into this big building until, hopefully, that they will be able to build their rights housing in that particular area.

Senator BAKER. Mrs. Jeffries and Mr. Freeland, I thank you for your testimony. I am sorry I missed yours, Mr. Freeland, but I have

read parts of it. I have one or two general questions I would like to put, in addition to those that the chairman has already put.

First, Mr. Freeland, if I may, is the use of something like a staging program or its equivalent in general use in the country or generally advocated in the country?

Mr. FREELAND. I think it is advocated, Senator, but I do not believe it is in general use.

Senator BAKER. Do you think of any particular locality where they have made notable progress in trying to implement a staging plan?

Mr. FREELAND. This I do not have. I will try to make available to the committee such information as we have at the National Urban League, and perhaps other agencies that have been involved in this field also might supply you with information.

Senator BAKER. Well, I agree with both of you and with the chairman, that some sort of coherent plan for the accommodation of those who are displaced in the name of progress must be undertaken to help in this dislocation area.

Let me put the second general question to either of you: do you attach particular significance to the apparent tendency to concentrate available relocation housing in certain areas versus the concept of trying to disperse it more generally throughout other neighborhoods in the city? I am really trying to balance the equities of trying to preserve some semblance of community identity which would go with concentration of replacement housing versus the equity of trying to disperse it, thereby creating the possibility of avoiding, once again, a concentration or isolation of the community in new structures.

I wonder if either of you care to comment on that.

Mrs. JEFFERIES. From my own experience, sir (I think I got the question), of living in substandard housing, I wanted good housing in a good neighborhood for my family. So, this is where I looked, but this is also where I could not afford to live. I had no money to purchase a house, and I could not afford the rents, so then you look somewhere else. You know, you still—your hopes are still high.

So, when it boils down, you get anything you can, any place you can.

Senator BAKER. I understand that, Mrs. Jefferies, but the point I am trying to develop in a rather awkward way, I am afraid, is whether or not you see some merit in trying to concentrate replacement housing in one area, which more or less resembles the concentration of a neighborhood that was displaced, or whether there is some merit in trying to disperse the replacements, by relocating them throughout a more general neighborhood so there is not the tendency to concentrate?

That is the point I am trying to make.

Mr. FREELAND. I think ideally, Senator, I understand the thrust of your question, and I think ideally in America it would be the dispersal of displaced persons in the general housing market, and not another area of concentration for the creation of another black ghetto.

However you point out identity—retention of the community identity—I think the Negro community of America has reached the point, at least, in the majority of the large cities, that they feel that the kind of dispersement which is ideal, which was considered ideal at least a year ago, may not be capable of attainment and, therefore, wherever there is decent safe and sanitary housing these bodies should be placed.

As you well know, there are many arguments for the exercise of power at the local level by not having the Negro community dispersed, but having it in a given ward or political subdivision, so there can be maximum use of "ghetto power."

Senator BAKER. And also, if I may interrupt, there would be maximum utilization and effectiveness of social services.

Mr. FREELAND. Yes, I think that this would be a relevant point, too. My own view, I have still not given up on the country in the sense that I still believe—and the National Urban League still believes that integration is a desirable goal, and that means housing integration as well as integration at other levels of operation.

I am afraid today that most of the people in America are convinced that this goal is not going to be attained very soon and, therefore, there must be some sort of short-term alternatives. There are dangers to a short-term alternative.

Senator BAKER. I wonder, though, if the short-term alternative, and I do not make my judgment at this point, but I wonder if the short-term alternative of responding to the desire to maintain, in effect, a black community identity, is not really potentially destructive of long-term objectives? I wonder if that is not the strongest argument against the relocation of replacees in one locality which so often, in fact, is the case?

Mr. FREELAND. Well, theoretically, I agree with you, Senator. The short-term alternative is probably very dangerous to America, but I am a pragmatist. You see, I am a Negro who no longer lives in a black ghetto, and I consider integrated housing to be a rather important part of American life and I would consider it a rather important part of American life for the person who rents as well as the person who owns.

But I know the practicalities and I know about the color tax. Unless we can deal with the practicalities, unless we can reduce the color tax, eliminate the color tax—and Government can exercise a role of leadership in this, so obviously in the private sector where the elimination must occur—unless we can do this, I think we are confronted with the only alternative, and that is mass removal or mass replacement in another ghetto.

Senator BAKER. All right, sir. On the question you touched, Mrs. Jefferies, it occurred to me in the course of your remarks that in the face of the color tax, increased rentals and the like, one general way of overcoming this is to put more emphasis on the assistance that might be given families to purchase rather than to rent. I wonder if you would agree that that is an area that we ought to give more attention to?

Mrs. JEFFERIES. I think so. I think if more could buy, this would help because homes that are for sale are more widespread, I would say, than homes for rent. In the little ghettos like we live, you have little clusters of homes one after another, that rent, or maybe someone owns the bottom flat and rents the top floor, just scattered about, you know, this type of thing.

Senator BAKER. Without getting too far afield, because it is not a legitimate part of this hearing, would you view favorably a program that generally either substantially lessened or eliminated the necessity

for a downpayment and might contemplate some sort of subsidy of interest payments?

Mrs. JEFFERIES. Yes. We do have in our area homes that will be for sale that we have worked to get. Some will be rehabilitated and sold to low-income families with a small downpayment and the monthly payments would only be, you know, so much. And then there are six demonstration homes, and the people are interested in trying to buy, it is wonderful to see. You know, here is something that I can afford to buy. They are applying for these homes and hoping that they will be one of the families. There are hundreds of families applying for less than 20 homes.

Senator BAKER. Do you feel that this approach might have collateral benefits above and beyond the simple matter of accommodating replacees or relocatees in sanitary, safe, decent housing?

Mrs. JEFFERIES. Yes.

Senator BAKER. It might have some effect on the matter of pride and ambition and dignity that are so sought after.

Mrs. JEFFERIES. I think so.

Senator BAKER. I wonder, then, if I am not struggling with the witnesses for a plan that would accommodate staging or planning on a methodical basis for the purposes of relocatees in the progress of highways and urban renewal. There is the pragmatic necessity of providing for them immediately, and as best we can. Generous elements of the desirability of Federal or governmental assistance to homeownership, which would carry with it then the element of discretion for the location of neighborhoods that might not otherwise appear if you build large concentrated housing units to accommodate relocatees should be included in the plan.

I wonder if that is not where we are reaching. I wonder, to put it in the form of a question, would that general format have some general appeal for either or both of you?

Mr. FREELAND. I think it does. I think the Government insurance or the combination of Government and private guarantees which would make available for Negroes housing that could be purchased is an ideal situation. There are a number of matters which are presently before the Congress, and also other matters that are before Congress and before the leadership of the Nation that would point toward this, and I would hope that these would receive approval, and I would hope also that they would be involved in the whole matter of relocation.

It is a bigger part of the solution, more than this particular problem, the solution that you suggest, and I think it is a wise solution.

Senator BAKER. Well, it is more than just this. Of course, we find this problem in areas where you do not have urban renewal and highway projects. I am distressed to find that so often we replace old slums with new slums, and I think there must be a way to overcome this tendency.

I see homeownership as one of the ways, and I wonder if we should not devote more of our attention to making it easier to buy a home.

Thank you, Mr. Chairman.

Senator MUSKIE. Thank you, Senator. Thank you, Mr. Freeland and Mrs. Jefferies. I am sure we could be further enlightened if we could keep you longer, but we have two other witnesses we ought to hear.

Mr. FREELAND. Thank you very much, Mr. Chairman, and Senator Baker.

Mrs. JEFFERIES. Thank you.

Senator MUSKIE. Our next witness is an old friend who has been before this subcommittee before, Clarence Mitchell, director of the Washington bureau of the NAACP.

TESTIMONY OF CLARENCE M. MITCHELL, JR., DIRECTOR, WASHINGTON BUREAU, NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

Mr. MITCHELL. Mr. Chairman and members of the subcommittee. I thank you for this opportunity to appear, and before I get to my statement I would just like to take half a minute to say something which I hope will reach the attention of some who were present yesterday at this hearing. I think the record ought to show that you and Senator Baker were among the Senators who made it possible for this country to have a fair housing law, and you did it in a dedicated, workmanlike way. In some instances things that were in there might not necessarily have been the way you wanted them, but they were there, and I think particularly in Senator Baker's case it ought to be known that he said on the floor that he was interested in getting a certain amendment in, but if he didn't get that amendment he was going to vote for the bill anyway.

Of course, in your case, Mr. Chairman, you were down at the funeral of Dr. Martin Luther King, which certainly you need not have been as a Senator from Maine, but you were there out of your desire to show your feeling and sympathy during a period of great tragedy.

The other thing I would like to say is that I feel very ancient here because the witness who was just before me is from my hometown of Baltimore. Although he is a rich lawyer in Pittsburgh now, he also was one of my wife's Sunday school pupils in our church, and he was one of the first Negroes to be in the 99th Squadron, which was part of the Air Force in World War II.

He, along with others, made us all very proud of them, but interestingly in that period, Negro officers were not allowed admission to the main officers' section for recreation and that kind of thing. He and his associates decided they were going to do what we now call "take direct action." They went on into this place and they faced a court-martial for doing so.

They were in grave danger of being—he was a captain, as I remember, but in any event they were in danger of being court-martialed. We overcame that, of course, but the interesting thing is they went over to Europe and fought for their country. They have come back and are now good citizens. I think it is important in these times to know that the fight for freedom did not begin just yesterday, and there are various ways of carrying it on.

I think also we have got to realize that we must abandon this defeatist attitude of assuming that we are not getting anywhere, and nothing is any good. The fact that you and Senator Baker are here is an indication of the concern of the elected officials for trying to do something about the problems that confront this Nation.

I think the people who are over at what is called Resurrection City are exercising a legitimate American right to petition for redress. I think it is also awfully important for the voice of the concerned group in Congress, like yourself, to reach out there to the Mall so that they can know that they are being heard and some of the things they are down here about are being handled.

Having said that, I will come back to my statement then.

Senator MUSKIE. Thank you very much.

Mr. MITCHELL. Mr. Chairman and members of the subcommittee, I thank you for the opportunity to testify on S. 698. It is my opinion that the purposes of this bill are most important. One of the elements lacking in many programs for the public good is that of consideration of the rights and convenience of the individual.

In the statement of introduction made on January 26 by you, Mr. Chairman, and in the language of the bill, itself, one senses a desire of the chief supporter and his associates to make certain that there is a minimum of inconvenience to the individual and maximum protection of his rights while making changes that will benefit the country as a whole.

I wish to make the following comments:

1. By assuring coordination and cooperation in the use and administration of Federal grants this bill will eliminate a great deal of waste and confusion. However, it should also give assurance that the people of the country will not be forced to sell their homes just because it is possible to save a few dollars by running a highway through the homeowner's living room instead of through some part of town where the costs of land acquisition may be higher or because of arbitrary official actions.

There should also be assurance that those who want to stay in places of business or continue to live in their homes while broad programs of property improvement are underway will have a reasonable opportunity to do so.

A classic example of arbitrary selection of a highway site came to us from Montgomery, Ala., in 1966. The writer of the complaint said that a proposed highway was planned to go through one area of a community but the route was changed, and I quote from his statement: "Go right through the middle of Rev. Ralph Abernathy's parsonage."

The writer of the complaint said a highway official had told him that using that particular route "would get that preacher out of town." Fortunately, the plan was changed so that Mr. Abernathy's parsonage was not taken but other desirable homes of colored persons were taken.

I would like to offer for the record, Mr. Chairman, a telegram which came this morning from Mr. Fred Gray, who is a lawyer in Montgomery, in which he confirms the fact that the original plan would have taken Reverend Abernathy's parsonage, right through his living room. It was changed because of protest, but it still took a large number of very good homes occupied by colored people.

Senator MUSKIE. That will be included in the record.

Mr. MITCHELL. Mr. William R. Morris, director of the NAACP's housing program, has submitted these two examples of indifference to human needs in governmental action that displaces people:

(a) The town of Ossining, N.Y., is the source of major complaint because a State highway program threatens to force approximately one-third of the Negro population to move. He says relocation housing is nonexistent. The town's Workable Program for Community Improvement expired in 1964. The housing authority is defunct and exists only on paper. If the program proceeds, these people must leave the town to locate other housing.

The second illustration is: in Dunkirk, N.Y., complaints are being received that families are forced to move because of building code violations in rental property. There is no relocation housing available. The city has an urban renewal program for the downtown area. There is no public housing available. The town wants to locate a project in the Negro neighborhood where overcrowding of the school has already resulted in busing of children. He is pressing for scattered site housing which Senator Baker indicated might be desirable and plans are at a standstill.

Last year we received a complaint from South Carolina indicating that a number of colored farmers were being forced to sell their land. Some of them were elderly and had no means to locate elsewhere. Upon investigation it turned out that the Government was expanding a wild bird sanctuary. Although this is a very fine project for preserving wildlife, it would seem that some arrangement could be worked out under which persons living in the area might be allowed to remain if they preferred to do so.

As I understand it, the Department of the Interior sometimes works out arrangements of this kind, but this possibility for being allowed to stay was not revealed to the persons who were being displaced.

In that connection also, Mr. Chairman, I would like to offer for the record an exchange of correspondence on this matter which substantiates the fact that it was for a wildlife preserve and, in fact, this significant paragraph is in it:

Although the title to these lands is now vested in the United States, the Bureau of Sport Fisheries and Wildlife is permitting the owners to farm the land during the 1967 crop year and the present occupants to remain on the land until they can make arrangements to relocate, but not beyond December 31, 1967.

That letter is dated February 17, 1967. I just cannot for the life of me see how it is going to hurt the birds to have some people live on the land after the Government improves it, and I cannot understand why in making these plans Interior or other agencies would not do as your bill suggests, take into consideration the effect it is going to have on humans who are in the area.

Senator MUSKIE. That correspondence will be included. Now, that date is in the past. Do you know what has happened?

Mr. MITCHELL. I do not, except that the date of cutoff has been reached and I assume that they are no longer there. I tried to get one of them on the phone this morning, or at least a person who knows about it on the phone this morning, and I was unable to reach him, so I could not get it up to date, as I did on the Montgomery situation.

Mr. MITCHELL. In reading the bill I have the impression that there is a need to make some of the safeguards mandatory and this is one reason why I suggest this: for example, I would change the word "should" in line 19 on page 52 to "shall."

On page 50, I would reword lines 17 through 23 by eliminating the phrase, "if consistent with project requirements." I would add a provision requiring absolute assurance of rehousing before displacement. I would include the same protection in lines 22 through 24 on page 56.

2. The bill contains a number of suggestions on assisting homeowners, tenants, and owners of small business in getting out of the areas that are to be used for various kinds of improvement. As I have said before, in some instances "should" is used. It is my opinion that the word "shall" is necessary. For example, line 8 on page 50 and lines 5 and 9 on pages 52 seem inadequate for protection of some persons.

Also, I think that we need to give more attention to the possibility of allowing owners to stay in some areas that are being improved. For example, the construction of an underpass and the widening of the 100 block of Massachusetts Avenue, Northwest, in Washington have caused a considerable amount of demolition that has adversely affected the businesses in the area.

In one case, the owner of a drugstore has been in the community for many years. His property is obviously valuable. It would seem that every consideration should be given to making it financially attractive for this kind of businessman to stay and benefit from whatever improvement there is in the area.

I might say that my knowledge of the potential value of that property comes from the fact that our office for many years was located at 100 Massachusetts Avenue, and at the time we first became tenants we could have purchased it for \$14,000, but we do not like to own property as an organization and did not purchase it. Subsequently, it was sold to someone on the death of some of the owners for \$30,000, and it is my understanding that the last sale of the property amounted to something in excess of \$70,000.

Now, it seems to me that somebody must realize that is going to be a very valuable spot. The drugstore to which I refer is in that same general area, and it seems to me something ought to be done to see that a businessman like that can stay in the area if he wants to stay there. Fortunately, he is still holding out. I do not know how long he will do it, but in any event, I think we should not leave it to chance. I think legislation ought to guarantee it.

A filling station operator in the area finally gave up his business because the roadway construction severely reduced the volume of his trade. In that case a little assistance might well have permitted him to hold on until the work was completed. At that time the location will be excellent.

When this construction started, it was difficult for people to get into his station and he tried to hold out as long as he could, but eventually he had to give up and somebody else took it over.

On the whole, S. 698 contains safeguards that would correct the worst kinds of abuses that now afflict those who are displaced by various public projects or Government assisted private programs. However, there are some serious problems which are not covered by the relocation provisions of title VIII. For example, the proviso beginning on line 22, page 36, does not seem to help the homeowner who will not get enough money from the sale of his dwelling to permit him to buy in a different area.

You may know a Mrs. Murphy who was in the same kind of a situation I have just mentioned. Well, I know a Mrs. Perkins who is in the same kind of a situation that I have just mentioned. She is a lady who I guess is about 70, owns a little two-story house in a neighborhood which is not too attractive, but her home is well taken care of and very nice. When the urban renewal gets into that area and buys her house, even if she gets as much money as the bill makes it possible for her to get, it will not be enough for her to move to another home and become an owner, which means that this elderly lady, who has all her life been an independent homeowner and taxpayer, will not be able to do it unless we find some way to make more money available.

Senator MUSKIE. The administration testified, I think it was last week, recommending that up to \$5,000 be available in addition to the fair market price to cover just this kind of situation.

I take it you would be receptive to that suggestion.

Mr. MITCHELL. Indeed, I would. I think that up to \$5,000 in that situation might very well be adequate. I would say that a comparable dwelling, a dwelling comparable to the kind she now occupies, probably would cost in that market at around \$8,000 or \$9,000, which would mean that she would get her price from the Government and presumably up to \$5,000 in addition. There might be a little left over that is not taken care of.

But I have another suggestion in here that might fill that gap.

Senator BAKER. If the chairman will yield, and Mr. Mitchell will permit, there is also testimony taken at those hearings that consideration should be given to the test of replacement value as distinguished from fair market value of the facility taken. It seems to me that that may be a more equitable approach to the matter than the allocation or the allowance of an arbitrary additional "moving cost." Once again, I have an open mind on this but I think we have got to recognize the fact that in the case of involuntary displacement the replacement is the significant cost rather than the fair market value of the property taken, and some consideration should be given to it.

Mr. MITCHELL. Oh, I think that is so true. There was a case here in the Washington area where an elderly gentleman owned some property that was needed by private development and he held out, even though he just had a little shack, so he got, I think, nearly \$100,000 in the end. Well, if we were in a private operation, obviously, the owner could hold out and get what he wanted.

I think, as you have indicated, that equity would suggest that we do something which at least makes it possible for the displaced person not to suffer because he gets the fair market value of his house, but cannot purchase a similar place for that amount elsewhere. Also—

Senator HANSEN. Mr. Chairman, if I could interrupt, let me say first of all that I am very much interested in your testimony, Mr. Mitchell. I might add, parenthetically, I subscribe to the statement made by Senator Baker. It seems to me that that is the test that should be applied, and not the application of the fixed amount on top of what otherwise might be available.

But if we are thinking about trying to put a person back into the status that he was in prior to the exercise of the rights of eminent domain, I think we have got to be concerned with the replacement. On that basis, have you any idea as to the impact that these programs

have had insofar as placing a person in a position to go out and to acquire the property so to be in substantially as good a position as he was prior to the taking?

Mr. MITCHELL. I would say, Senator Hansen, that I do not know of any case where an individual has moved from a dwelling because of urban renewal or redevelopment or some other kind of a program and has been able to get enough money as a result of the sale to purchase free and clear another place to live or conduct a business, so that, so far as I know, and admit I do not know the whole story, but I do have some extensive first-hand knowledge, I do not know of any instance where an individual has been put in the same position that he was as to occupancy and ownership after he has been displaced, even though he has received compensation.

Senator HANSEN. I just have one further question. I suspect that a person having to make this transition, having been forced against his wishes to sell his home or his business, would find that he is also confronted with a number of other costs when he tries to reestablish himself in another area—the cost of moving his family, his furniture, and trying to build up a new clientele.

I think it would be helpful to the committee if we had some reading based upon an accumulation of experiences that would spell out all the problems confronting people who are forced to move. Would you not share my feeling on that, Mr. Chairman?

Senator MUSKIE. Yes, to the extent that that information has been accumulated and is analyzed.

Senator HANSEN. Whatever there is, and I have no way of knowing, but I think it would help to present a total picture for us.

Mr. MITCHELL. I agree, Senator Hansen. I would think it would do two things: first, it ought to be in the hands of the various Government agencies who have been handling these transactions, and if it is not in their hands it means that they have not been giving the people the service they ought to have given. If it is in their hands, I think it will show pretty much what I have said, and it would be a very reliable figure.

It might cause a lot of people to understand, again, the importance of this bill. So I hope —

Senator MUSKIE. I would have my doubts that there is available in Government agencies anything that would reflect the statement you have made, Clarence, that you cannot recall an instance in which anyone has been made whole.

If any Government agency had such a document and statistic, it simply has been remiss in not presenting it to the Congress before.

Senator BAKER. Mr. Chairman, may I say in that same general respect, I have an idea that the administrative agencies of the Government could supply this information. The Government could supply information on the practice of making one offer for the acquisition of the property, and then reducing that offer if the landowner elects to litigate. It seems to me that the Government is dealing in a most cavalier manner in situations when, say, an arbitrary amount of \$10,000 is offered for voluntary acquisition, the landowner does not accept it, and they reduce the offer or the tender to say, \$6,000 upon going to court.

This certainly is not in keeping with the idea of the equitable effort to make the displacee whole. Now, I wonder if the chairman would be willing to ask appropriate agencies to supply us information to the extent of that practice. I know of my own knowledge that it does exist.

Mr. MITCHELL. I do, too.

Senator BAKER. I would be very interested in finding out how extensive it is in those concerned with highway projects, with urban renewal projects, with other projects, including the Corps of Engineers, not to single them out specifically, but along with others who are involved in the acquisition of properties and the displacement of people by eminent domain.

Senator MUSKIE. I think there are probably other lines of inquiry that could accompany the two you two Senators have suggested, and I would ask the staff to do that with the Department—I do not know to what extent the Department of Transportation might have documentation of the practices of the various State highway commissions, but to the extent that they are in a position to provide information we ought to explore it along these lines and others that occur to you.

Senator BAKER. I am sure, Mr. Chairman, that they do have because they reserve the right to pass on the transaction the amount of the original tender offered and the amount of money actually tendered in court according to various procedures for eminent domain. I am certain those two are available, and I think that might give us some reasonable information on the picture.

Mr. MITCHELL. I think that would be true of many of the States and cities also and, probably, to a much worse degree than the Federal Government.

Senator MUSKIE. I had not thought of it, but I do not think that I would be disposed to quarrel at all with the general statement that you have made. Senator Hansen?

Senator HANSEN. It could be that this additional facet of interest has already been explored. But if it has not, what are the rules and guidelines that apply in the passing of title with the exercise of eminent domain insofar as tax liability is concerned? Are there certain times within which a reinvestment can be made? Has that question been explored?

Mr. MITCHELL. There is a provision in this bill which I believe is designed to try to meet that problem in that the extra amounts which are given are not to be considered as taxable income. I do not recall the section, but I assume that is what the framers of the legislation had in mind.

Senator HANSEN. Does it make any difference whether or not that award is reinvested in other income-producing property on a whole?

Mr. MITCHELL. There is a requirement, as I recall, that it must be in property where you acquire the fee, or a 99-year lease, and that either is a home in the case of a homeowner, or a business in the case of a businessman, as covered by this bill, which I think is a very good provision.

Also the "substantial economic injury" clause in lines 20 and 21 on page 40 may well prevent many small operators from getting the kind of assistance they would need in a new area. Elderly and even

some middle-aged homeowners and small business operators may have difficulty getting funds to make improvements required as a condition of remaining in an area of renewal or public improvement.

And here is that suggestion, Mr. Chairman, I referred to which I think might fill a gap between the \$5,000 conditional sum and the amount that the individual is able to get himself.

I would like to suggest consideration of establishing a revolving fund capable of making high-risk, long-term, low-interest loans to such persons. It is my opinion that such a fund would require a Government subsidy but it would be better to spend for this kind of program than to convert a former homeowner into a renter or to change a small businessman into a relief client.

3. The bill's provisions for identifying and policing Federal moneys going to the States are very much needed. I note that in the bill it is permitted that the State need not set up a separate bank account for these funds. I do not know whether there is any fiscal reason for that, but I certainly would hope that if it did not have a separate bank account for these Federal moneys there would be some way of keeping them clearly separated from State funds in some kind of a separate account.

One hears a great deal about how much the Federal Government is taking from the States, but little about what is sent back. In addition, it is very difficult to get an accurate rundown on just how much Federal money comes into a State and the purposes for which it is to be spent.

The States should be required to make this kind of information readily available to the public at all times. The State should be required to publish that amount of money, the purposes and that sort of thing at least once a year in some kind of a publication where people would see it. The people of our country should know as much as possible about the programs that are financed by the Federal Government.

In some communities it is very hard to get information. Last week, for example, I received a call from Mississippi that residents in a place called Senatobia—I do not know whether that is a spot for Senators or not—but in any event, they were being asked to sell their property for a federally assisted program, but they did not know what the program was.

Unfortunately, it is typical that officials of some communities do not believe that people affected by public programs have a right to know all the facts.

4. The bill provides for technical assistance. This is especially important among persons who have good intentions and great dedication, but no particular experience in carrying out certain programs. At times it seems that the supply of technicians is not keeping pace with the need for such services. I believe that we must give more thought to developing a supply of technicians in all fields.

I also believe that there must be some way of resolving conflicting advice which persons receive from the Federal Government. Not long ago I was asked to intervene in a dispute over use of the waters of the Chesapeake Bay for sewage disposal. Apparently, this involved at least three different agencies. To some extent they gave conflicting views on whether use of the Bay would result in a health hazard to beachfront property.

With the great stress on cleaning up waterways, it is difficult to see why any agency of the Federal Government would assist in making the Chesapeake Bay a part of a sewage disposal system but apparently this is what happened. The experts also decided that it would not be a health hazard to beaches. I was unable to make a copy of this, Mr. Chairman, but I would appreciate, with the committee's permission to offer for inclusion in the record, wherever you think it is appropriate, a release dated March 9, 1967, from the Department of the Interior, stressing the importance of cleaning up estuarine waters, and of course the Chesapeake Bay is a body of water with salt and fresh water.

As one of the things as a hazard in the area, they want especially to avoid pollution of coastal areas by dumping in these kinds of things.

Senator MUSKIE. That will be inserted in the record.

Mr. MITCHELL. Thank you.

The fifth point is, there is a great need for coordination of programs in order that those who are supposed to benefit from them get the maximum possible service. A few nights ago I visited a very excellent home for elderly persons. It was built with Federal aid. At a late hour one of the residents decided she would take her dog for a walk.

As I observed the neighborhood, it offered a potential hazard even to a physically fit young individual but there were no policemen in sight. It would seem to me that when such projects are built, there should be some kind of planning that will insure adequate security. This could be done by agreements with the local police forces or making additional funds available for the training and hiring of individuals who would give adequate protection to person and property in such cases.

There must also be some assurance that the nonconforming uses which cause neighborhoods to deteriorate do not come back in after rehabilitation.

When former Senator Douglas conducted hearings in Baltimore, one witness testified as follows:

I served on a municipally appointed committee to study the correlation of the excessive number of liquor outlets in the center city with residential blight, slums, and deterioration of residential neighborhoods. We spent over a year making a study for the benefit of the Mayor, the Liquor Board, and the Urban Renewal Agency. We found a high correlation between the number of liquor outlets and residential blight.

In Harlem Park, our committee found not only an excessive number of liquor outlets, but an oversaturation. There were 36 taverns and liquor outlets in 32 residential blocks. Now, this seems to me that that is just a little bit too much public convenience, when you can get a drink at every block, and maybe you get too many.

Further, we found that most of these liquor outlets were nonconforming commercial uses on the first floor of residential buildings.

Recently, the same witness developed information showing that land cleared for redevelopment was also being used to bring in businesses that did not belong in residential areas. In one case, a home for the elderly is being built under the auspices of a church and a fraternal order. At the same time, an adjoining parcel of land is to be used for a night club.

We must develop some Federal standards which will be safeguards against local planning which defeats the broad purposes of redevelopment and renewal. Although I strongly favor local level

initiative, I think we must be sure that we avoid the kind of local pressures which undoubtedly cause blight and deterioration in areas we are trying to save.

Now, Mr. Chairman, we in our organization have been willing to spend money to try to protect neighborhoods against blight, and I will offer for the record the case of the *City of Baltimore, The Schneider Bedding Company v. The National Association for the Advancement of Colored People*, which was in the Maryland Court of Appeals January 22, 1960.

In this case, we are face to face with the kind of problem that individuals must meet in local communities. It involves a residential area that was not high class, but the people living there were happy, some were homeowners, and that sort of thing.

The Planning Commission of the city said that a petition to build a mattress factory next door to one of their residents should not be granted, but the zoning board said that it should be granted, and the city council subsequently approved the zoning board's position, with the result that unless the persons involved had carried that matter to the court of appeals, the property would have been used for a factory. Well, it costs money to go to the court of appeals, but we spent it, and the case was won there, with the court holding that this came under the arbitrary capricious administrative rule, and that it was not proper for the city council to have approved use of the property as a factory, especially since the Planning Commission had said that it was not the thing to do.

Well, that kind of experience is what many people who live in these blighted areas have to face all the time. They either put up with the blight or they spend their money to get redress in court.

Now, your bill reaches into that matter and I hope that we will have some pretty firm standards so that when we clean up these places and try to make them better for individuals, that we will not have somebody coming in with a junkyard or a nice go-go dance operation—not that I have anything against those. I am not sure I know what they are, but the fellows who have the go-go dance places and the junkyards and the things of that sort usually have a lot of political influence locally, and they can get into the nicest neighborhoods through using that influence.

I think if we are going to spend Federal money, we ought to be sure that we do not get either these exotic or more pedestrian types of deviations from zoning into the residential neighborhoods.

Senator MUSKIE. Thank you very much, Clarence. We appreciate having your testimony.

(The documents and correspondence above referred to by Mr. Mitchell, follow :)

CLARENCE MITCHELL,
NAACP, Washington, D.C.:

Several years ago the Alabama Highway Department was considering the route for Interstate 85 from Ann Street west to the downtown area in the city of Montgomery, Ala. The initial plan calls for Interstate 85 to take an area which would have included the parsonage of First Baptist Church, the church where Dr. Ralph D. Abernathy was the pastor. After a substantial protest, the route was changed so as to exclude the parsonage of the First Baptist Church, however, the route still included a substantial number of residences of Negroes, which residences were some of the best Negro residences in the city of Montgomery. There was a great deal of protest to this route suggesting that an

alternate route be taken, which alternate routes were known as the "northern group" or the "middle routes," however, the area finally selected as the area that took many fine Negro residences notwithstanding the alternate route which, in the opinion of many, were less expensive and would have preserved some of the finer Negro residences in the city of Montgomery.

D. GRAY,
Montgomery, Ala.

FEBRUARY 28, 1967.

Mr. BILLIE S. FLEMING,
President, NAACP, Manning, S.C.

DEAR BILLIE: I have tried to reach you several times on the telephone concerning the attached letter which was sent by Charles F. Luce, acting Secretary of Interior.

I have discussed with the Department of Interior the suggestion that the families can remain on the land until December 31, 1967. I understand that in some cases the Department of Interior gives permits for persons to continue to occupy land which has been taken by the Government. Some of these permits are for a five year period subject to renewal at the end of that period. I would suggest that you may want to check this possibility if the residents are interested in staying for a period longer than one year. I will be glad to continue to work on this end, but I believe that the interests of the parties will be protected best if they are represented by a lawyer in South Carolina.

Sincerely yours,

CLARENCE MITCHELL,
Director, Washington Bureau.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 17, 1967.

Mr. ROY WILKINS,
*Executive Director, National Association for the Advancement of Colored People,
New York, N.Y.*

DEAR MR. WILKINS: This is in reply to your telegram of February 10 concerning a displacement of Negro families from land acquired for the Santee National Wildlife Refuge in Clarendon County, South Carolina, which is administered by the Bureau of Sport Fisheries and Wildlife of this Department.

This land is being acquired to complete an existing national wildlife refuge established for the conservation of the migratory waterfowl resource. Our information is that nine families reside on the property. The Bureau of Sport Fisheries and Wildlife has been negotiating for the purchase of this land for many years. The land was acquired by condemnation with a Declaration of Taking and notice of this action was served on the owners and occupants on February 7, 1967.

Although the title to these lands is now vested in the United States, the Bureau of Sport Fisheries and Wildlife is permitting the owners to farm the land during the 1967 crop year and the present occupants to remain on the land until they can make arrangements to relocate, but not beyond December 31, 1967.

The Bureau of Sport Fisheries and Wildlife will post the land and manage the wildlife, but this activity should not interfere with farming operations.

Sincerely yours,

CHARLES F. LUCE,
Secretary of the Interior.

[News release from the Office of the Secretary, for release to P.M.'s Mar. 9, 1967]

INTERIOR DEPARTMENT ENDORSES LEGISLATION TO PROTECT ESTUARIES

Enactment of legislation authorizing the Department of the Interior to "preserve, protect, develop, restore, and make accessible estuarine areas of the Nation which are valuable for sport and commercial fishing, wildlife conservation, recreation, and scenic beauty" has been recommended to Congress by the Department of the Interior.

In responding to a Congressional request for the Department's attitude regarding authorizing legislation, Dr. Stanley A. Cain, Assistant Secretary for

Fish and Wildlife and Parks, said that such a law would focus attention on the Nation's valuable estuarine areas and provide a reasonable means for protecting and developing these areas.

"Estuaries are places where salt water meets fresh water," Dr. Cain said. "These marginal sea and land complexes make the estuarine areas a habitat rich in many valuable natural resources. At least 65 percent of our Nation's commercial fish and shellfish resources and most of our marine sport species inhabit the estuarine environment during all or part of their life cycle.

"Many of our valuable waterfowl use these areas as nesting and wintering sites. Estuarine areas attract recreationists for swimming, boating, bird watching, hiking or just an opportunity to enjoy the beauty of natural resources along coastal areas. It is such areas we wish to protect and preserve."

Basically the proposed legislation directs the Secretary of the Interior to conduct a thorough nationwide study to identify the estuaries of the country that need some form of protection or, in some cases, restoration. Following this identifying study, a more detailed look, probably on a regional basis, would determine which areas should be preserved, protected, or restored.

The detailed studies would consider estuaries from a standpoint of economic and recreational potential, ecology, present use, need for present and future urban and industrial development, the effect of such development, the effect of pollution on fish, wildlife, water supply, and waterpower, and the effects of dredging and filling.

A total of \$4.5 million would be authorized for these studies.

The legislation calls for State, Federal, or local government acquisition of estuarine areas that cannot be appropriately preserved by permits governing dredging and filling, local zoning laws or other legal methods.

The bill provides that State hunting and fishing laws will apply to estuarine areas administered by Interior, except in certain situations of conflict, such as public bathing beaches or other heavily used recreation areas.

One of the bill's most far-reaching aspects is a section prohibiting dredging, filling, or excavation work in an estuary or in the Great Lakes and connecting waterways without a permit issued by the Interior Department. At present, permits for such work are issued by the Army's Corps of Engineers which is charged with the responsibility for protecting navigation. A double permit system to protect navigation, plus the natural values of estuaries, would go into effect with enactment of the legislation.

And another section of the proposed legislation is designed to prevent pollution of coastal areas by governing dumping in estuarine areas or the Great Lakes.

In his letter, Dr. Cain emphasized that the bill is not designed to set up a system of "locked up" Federal areas.

"It is intended to provide protection where protection is clearly needed," he said. "We believe that this legislation, with these features, is timely and realistic and urge its enactment."

221 Md. 329

CITY OF BALTIMORE, SCHNEIDER BEDDING COMPANY ET AL. v. NATIONAL ASSOCIATION FOR ADVANCEMENT OF COLORED PEOPLE ET AL.

(No. 87.)

COURT OF APPEALS OF MARYLAND, JAN. 22, 1960.

Zoning case. The Circuit Court No. 2 of Baltimore City, Joseph L. Carter, J., held rezoning ordinance void, and enjoined utilization of rezoned property for any use not permitted immediately prior to enactment of rezoning ordinance, and an appeal was taken. The Court of Appeals, Horney, J., held that since there was no proof of a basic mistake in original zoning or of a substantial change in character of neighborhood, rezoning was improper.

Affirmed.

1. Zoning

Even though it seemed clear that associations were not proper parties to zoning case, where no objection had been raised below, and there were several parties plaintiff who were property owners, reviewing court would not consider objections to associations' being parties.

2. *Municipal Corporations*

Whenever validity of zoning classification is fairly debatable, legislative judgment should be controlling.

3. *Constitutional Law*

There is presumption in favor of validity of legislative enactment.

4. *Municipal Corporations*

Presumption in favor of validity is stronger in original zoning or comprehensive rezoning cases than it is in instances of piecemeal rezoning.

5. *Municipal Corporations*

It is not function of court to zone or rezone but only to determine whether legislative body has properly applied law to facts; but when there is no basis for reasonable debate, or there are no supporting facts in record, court can, and indeed should, declare legislative action to be arbitrary, capricious, discriminatory or illegal.

6. *Municipal Corporations*

There is a presumption that rezoning was reasonable; but in piecemeal rezoning cases there is also a counterpresumption that original zoning was well planned and designed to be reasonably permanent; and such counterpresumption may be overcome only by showing either error in original zoning or change in character of neighborhood; and unless one or the other, or both, is shown, presumption of reasonableness is destroyed.

7. *Injunction*

Zoning

Where there was no proof of a basic mistake in original zoning or substantial change in character of neighborhood, question of validity of ordinance rezoning property was not even debatable, and rezoning was properly set aside; and since rezoning ordinance was invalid, injunction to restrain use pursuant thereto was also proper.

8. *Injunction*

Zoning

Adjacent property owner had standing to attack validity of rezoning ordinance and to seek injunction against use of property for any purpose other than that permitted immediately prior to enactment of rezoning ordinance.

Marvin Mandel and Stanford H. Franklin, Baltimore (Mandel & Franklin, Harrison L. Winter, City Sol., Ambrose T. Hartman, Deputy City Sol., James B. Murphy, Asst. City Sol., Baltimore, on the brief), for appellants.

Linwood G. Koger, Jr., and Charles J. Josey, Sr., Baltimore (Juanita J. Mitchell, Baltimore, on the brief), for appellees.

Before Brune, C. J., and Henderson, Hammond, Prescott and Horney, JJ.
Horney, Judge.

This is another zoning appeal. In this instance, when the Circuit Court No. 2 of Baltimore City declared Ordinance No. 1612 of the Mayor and City Council of Baltimore (the City)—approved December 19, 1957—null and void and enjoined the Schneider Bedding Company (Schneider) and others from utilizing the property rezoned by the ordinance for any use not permitted immediately prior "to the enactment of the ordinance," the City and Schneider appealed.

Ordinance No. 1612 (the ordinance) purported to amend Sheet No. 45 of the Use District Map [Baltimore City Code (1950), Art. 40, entitled "Zoning," as revised by Ordinance No. 711, approved May 21, 1953], by changing the property known as 511-519 Wilson Street (the rezoned property), from a "Residential Use District" to a "Second Commercial Use District." While it was pending before the City Council, the ordinance, as required by law, was referred to the City Planning Commission (the Commission) and the Board of Municipal and Zoning Appeals (the Board) for their reports and recommendations. The Board recommended passage of the ordinance on the ground that the proposed change of use "could not adversely affect the neighboring properties." On the other hand, the Commission unanimously disapproved the ordinance on the ground that to allow a second commercial use in the residential use district in question "would not be to the best interest of the community and would be to the sole benefit of one property," and urged that "this spot use change" be not adopted. The City Council, after a hearing on the legislation, disregarded the recommendation of the

Commission and adopted the report of the Board. The Mayor approved the ordinance passed by the Council.

[1] Alleging damage to their respective properties and seeking declaratory and injunctive relief, this proceeding was instituted by a group of property owners in the neighborhood of the rezoned property as residents, citizens and taxpayers of the City of Baltimore. The National Association for the Advancement of Colored People (N.A.A.C.P.) and a residential protective association were also joined as parties in the bill of complaint. While it seems clear that these associations were not proper parties, no objection was raised below and we shall not consider it here since there are several parties plaintiff who are property owners. See *Southland Hills Improvement Ass'n of Baltimore County v. Raine*, 1959, 220 Md. 213, 151 A.2d 734.

The evidence shows that prior to the passage of the ordinance the rezoned property was subject to a lawful non-conforming use in a residential zone. It had been used as a repair shop and garage for the storage of trucks, gasoline and oil for over thirty years. Surrounding the rezoned property there are a number of other non-conforming uses. In the same block as the rezoned property there is a coal yard, an automobile repair shop and a manufacturing plant, all of which are second commercial uses, and a laundry, a restaurant, a bar and a funeral home, which are first commercial uses. The entire frontage on the north end and south side of the 500 block of Wilson Street is 655 linear feet, of which 414 feet is used commercially. Since the original zoning, the Board [of Zoning Appeals] has permitted a change of non-conforming use and granted an exception with respect to 514-516 Wilson Street, which is directly opposite the rezoned property, and had been used as a photography school. Recently a special exception was granted to use the same premises as a plant for the processing, finishing and assembling of precision parts, which is a second commercial use. The property immediately to the rear of the rezoned property is zoned first commercial. Pennsylvania Avenue, approximately one block away, is entirely zoned for second commercial use.

In addition to the above undisputed facts, there was also testimony by real estate experts, on behalf of the City and Schneider, to the effect that the rezoning would not adversely affect the surrounding properties or cause deterioration of the neighborhood because the area was already heavily commercialized, and that any change in use would be an improvement since the rezoned property could not be used for residential purposes. But there was no evidence of error in the original zoning or of a substantial change in the character of the neighborhood since the original zoning other than the granting of the special exception. On the contrary, although they produced no expert witnesses there was testimony by the protesting property owners to the effect that they had consistently endeavored to preserve the residential character of the neighborhood, that the rezoning would seriously affect the enjoyment and value of their properties for future residential use, and that the restricted and actual use within the residential use district—despite the existing non-conforming uses and the sole special exception—was still predominantly residential as it has always been since the inception of zoning in Baltimore City.

The City and Schneider contend (i) that the lower court was without authority to substitute its judgment for that of the legislative body since the question of validity was fairly debatable and the protesting property owners had presented insufficient evidence to overcome the presumption of validity; (ii) that the property owners offered no proof that they had suffered special damages which differed in kind and character from that suffered by the public generally; and (iii) that it was error to admit into evidence the prior actions of administrative agencies not empowered by statute to zone or rezone.

(i)

[2-4] The courts have long recognized the general rule that on a review of zoning and rezoning ordinances the function of reviewing court is restricted and that such court may not substitute its judgment for that of the legislative body. On the contrary, whenever the validity of a zoning classification is fairly debatable, the legislative judgment should be controlling. *Missouri Realty, Inc. v. Ramer*, 1958, 216 Md. 442, 140 A.2d 655; *Wakefield v. Kraft*, 1953, 202 Md. 136, 96 A.2d 27; *Village of Euclid, Ohio v. Ambler Realty Co.*, 1926, 272 U.S. 365, 388, 47 S.Ct. 114, 71 L.Ed. 303.¹ Moreover, there is a presumption in favor of the validity of the legislative enactment. *Kroen v. Board of Zoning Appeals*, 1956, 209 Md. 420, 426,

121 A.2d 181, 184; *Wakefield v. Kraft*, *supra*. But the presumption is stronger in original zoning or comprehensive rezoning cases than it is in instances of piecemeal rezoning. *Missouri Realty, Inc. v. Ramer*, *supra*.

[5-7] While it is true that it is not the function of a court to zone or rezone but only to determine whether the legislative body has properly applied the law to the facts, it is, nevertheless, also true that when there is no basis for reasonable debate or there are no supporting facts in the record, a court can—and indeed it should—declare the legislative action to be arbitrary, capricious, discriminatory or illegal. *Eckes v. Board of Zoning Appeals*, 1956, 209 Md. 432, 437, 121 A.2d 249, 251; *Wakefield v. Kraft*, *supra*, 202 Md. at page 142, 96 A.2d 27. It is commonplace to say that if there are no facts to support the action of the legislative body then there is no question to debate, but that is exactly the situation which confronts us in this case. There is, of course, a presumption that rezoning was reasonable, but in piecemeal rezoning cases there is also a counter-presumption that the original zoning was well planned and designed to be reasonably permanent which may be overcome only by showing that either there was error in the original zoning or there has been change in the character of the neighborhood, and unless one or the other, or both, is shown the presumption of reasonableness is destroyed. *Zang & Sons, Builders, Inc. v. Taylor*, 1954, 203 Md. 628, 102 A.2d 723. See also *American Oil Co. v. Miller*, 1954, 204 Md. 32, 102 A.2d 727.

Senator MUSKIE. Senator Baker, Senator Hansen?

Senator BAKER. I have nothing further. I thank Mr. Mitchell for his previous answers and thank the Chairman for letting me interrupt. Thank you very much.

Senator MUSKIE. Thank you very much.

Now, our first witness of the day has finally torn himself away from the floor, and we are delighted to have Senator Tydings here this morning.

TESTIMONY OF HON. JOSEPH D. TYDINGS, A U.S. SENATOR FROM THE STATE OF MARYLAND

Senator TYDINGS. Thank you, Mr. Chairman.

Distinguished members of the Senate Committee on Government Operations, I appreciate your committee allowing me to testify this morning in favor of my amendment to title VIII of the intergovernmental cooperation bill. I ask permission to have my statement inserted in the record in its entirety.

Senator MUSKIE. Yes, it will be.

Senator TYDINGS. Mr. Chairman, when I went to the University of Maryland Law School, the law school was located down on Redwood and Greene Streets. It was somewhat of a blighted area. There were a few small stores, and one restaurant where most of the law students used to eat, and one little candy store which served not only candy, but some groceries, newspapers, and a lot of us used to stop in there.

The proprietors were elderly people, husband and wife, 65, 54, somewhere in that area, and all of the students enjoyed them, and they made a living down there—not much, but enough, and that was their life. This area was selected as a principal urban renewal area for Baltimore City. If you happen to be there now, you will see that there is a new law school, new nursing school, new annex to the hospital, new school of sociology. It is a beautiful addition to the city.

But in the course of it, this little store was condemned. Now, the elderly couple didn't own their place of business, they rented it. They

¹ Metzenbaum in his work on Zoning says that this was the first zoning case to reach the Supreme Court of the United States. 1 Metzenbaum, *Law of Zoning*, p. 57 (2 ed. 1955).

were tenants. So, they got no compensation by way of condemnation. Their business, which they had built up over a lifetime, small as it was, was destroyed. They could not relocate anywhere.

That whole area was taken. Their business was tied up with the University of Maryland Law School, Dentistry School, the Nursing School, the schools in that area.

Now, the purpose of my amendment to title VIII is to cover that specific type of hardship where you have tenants or lessees in an urban renewal area, where they are elderly people of 50 years or older, where they are not high-income earners, where their net income per year is less than \$10,000.

I just think that to turn them loose and give them \$5,000 after destroying their business and destroying their lives, is unconscionable. My proposal to you, gentlemen, is that you provide additional compensation within rigid, designated, specified cases. Where the parties are tenants, where they are over 50, where they have averaged less than \$10,000 a year over the last 3 years, I propose that they receive three times their average net earnings for the past 3 years.

For instance, if the net annual earnings had averaged \$6,000 for this elderly couple, and I think it might have been that much, they would be entitled to receive \$18,000.

Now, that, I think is only fair compensation. One of the tragedies of these urban renewal areas and the Federal highway projects, and others, is the failure to really compensate the poor and the helpless who are overrun. I can tell you stories about highway relocation in Maryland that are just tragic. In Baltimore City, I know of a person who bought a house 18 years ago for \$7,500 or \$8,000 and paid off most of his mortgage of \$7,000 over those 18 years; then the notice of condemnation went out.

People left the area and then 2 years later the State roads acquisition agent came and advised him that he would be given fair market value, and there were not many willing buyers in that area. He got \$1,100 for a house he paid \$8,500 for, and he still had almost that much left in the mortgage.

This whole area which we are looking into is one which really needs study, and my "Ma and Pa" amendment, as I call it, would correct one specific kind of injustice that has been a by product of urban renewal. I have been working on this now for 4 years, since I have been in the Senate, and it is a rather simple measure. Furthermore, I do not think it would be an expensive amendment.

HUD has indicated there would not be more than 1,000 businesses a year at the most who would be eligible. As I indicated to you, the criteria again as follows: the proprietor of the business would have to be a tenant, not an owner, would have to be 50 years of age or older, his average annual net earnings for the preceding three years would have had to have been less than \$10,000 per year, his business would have had to have been of such character that he could not be relocated without substantial loss of his existing patronage. For a person who meets these criteria, the compensation would be three times his average annual net earnings for the period preceding the condemnation.

So, I am very delighted that you would take time to hear me, Mr. Chairman.

Senator MUSKIE. Thank you very much, Senator.

I think it is clearly a case for concern and I could not say that your solution to it is inequitable. I gather that the Budget Bureau is now opposed to it, but we will look at it, nevertheless.

Senator BAKER. Mr. Chairman, may I say a word in that respect. I agree that Senator Tydings addresses himself by this amendment to an area of real inequity and difficulty. I wonder, however, if we should entirely limit our consideration to the "Ma and Pa" aspects of it, because in my own experience I have seen young people just beginning and commencing in business who frequently are tenants and who are completely destroyed from a business standpoint because they do not happen to have a lease for a term of years or, as we lawyers say, any other freehold interest in the property.

I wonder if we should not give some thought to a change by this bill in the basic eminent domain relationship so that the court might hear proof on the probability of the tenant being permitted to remain in that location and then apply the general rules of capitalization of his reasonable expected profits, because I think that, really, is the underlying issue. The real issue is what under ordinary circumstances could a person expect to make in the reasonable time that he could be expected to remain in that location, and what compensation should be paid to keep him from being left unwhole by reason of the involuntary taking. I thank Senator Tydings for his contribution. I wonder though if we should not extend our consideration of this in the committee beyond just the Ma and Pa example which the Senator has been kind enough to give us.

Senator TYDINGS. I think you definitely should. You have a responsibility to do so, Senator, and the merits are all as you indicate.

Of course you will receive probably, stout opposition from the Bureau of the Budget at this time for any amendment in this direction because it will cost money. This whole area, the whole area of fair compensation for those displaced by Federal projects, urban renewal and highway projects deserves, as you point out, real overhauling, because the inequities and the unfairnesses that are visited are tragic in many instances.

And, of course, it is generally the people least able to protect themselves, least able to secure a day in court, who are hurt the most. The cost will be something that will have to be taken into consideration. I have limited my amendment because I think the older people, those over 50, are hurt a little harder than the young people. A young person is better able to land on his feet than someone who has had his life involved in a neighborhood and knows everyone—than the man who is going into the shadows in his declining years.

Senator BAKER. Well, I agree with you, Senator, but the likelihood is that we would have less resistance from the Bureau of the Budget because of the saving in money, but I am sure we all must bear in mind that in the involuntary taking, in the eminent domain field, unique among all fields, I think we owe a positive obligation to make sure that the person whose property is taken is not worse off after the taking than he was before the taking. I really wonder if the Government, this Government or any government, is not in bad faith to, in effect, say, "You must suffer for the common good in disproportion to the value of the project to the population generally."

Senator TYDINGS. Mr. Chairman, I might say that Senator Baker has put his finger on a very, very sensitive point. In my judgment, the condemnation procedures of this Government in urban renewal and highways are extremely unfair. We have before the Public Works Committee, as you are well aware, a study of this whole area and its relationship to public roads. And Chairman Randolph is very concerned.

We have now pending before the Judiciary Committee an amendment in relation to condemnation, what is fair compensation, and I certainly would encourage you to get involved in this area and to try and right some wrongs, because they certainly need to be righted.

Senator MUSKIE. Senator Hansen?

Senator HANSEN. Well, first, let me thank you very much, Senator Tydings, for your contribution this morning. I do think that there may possibly be another group of people deserving of our attention. I refer to those, not leaseholders but property owners, who by virtue of their age do not have the aggressiveness necessary to move into a new area and to start up business again. I think they might also be reasonable objects of our concern, because those people are in a neighborhood where they have grown up, where their roots are deep and their friends are many. They could produce, and it is likely that they would, perhaps five or ten more years of profitable activity; but to say at age 55, we will pay you the fair market value and perhaps give you a little more in addition for the inconvenience and the other costs that will be incident to your moving, is not enough. You are not going to find people at that age willing to go out and to establish new businesses, try to make new friends—I think this is implicit in Mr. Mitchell's testimony.

When people reach a certain age, they do not have the zip that is necessary for them to reestablish themselves. I have some deep feelings about this whole process of condemnation; I have seen it applied in my county and I know how it affects people.

You can uproot a young couple and though it may be difficult, they can make the adjustment. Senator Baker has addressed himself very ably to that point. However it becomes increasingly difficult, in my judgment, for older people to make the transition, and as a consequence, I think they are likely not to reinvest, they are likely to take the money. Because of this, I would like to know what the policy of the Government is insofar as the awards that may be made—what the tax liabilities are. It is my understanding generally, and I am not expert in this area at all, that within a reasonable time you can reinvest and escape some taxes that otherwise would apply.

I think that the aged persons who are involved in the Government's exercise of the right of eminent domain ought to be considered, along with other factors, in determining how our Government can treat these people.

Senator TYDINGS. I think this whole area is one where you can be of immense public service.

Senator MUSKIE. Thank you very much.

Senator TYDINGS. This legislation is long overdue. Thank you.

Senator MUSKIE. Thank you, Senator Tydings.

(The complete prepared statement of Senator Tydings, above-referred to, follows:)

STATEMENT OF SENATOR JOSEPH D. TYDINGS

Mr. Chairman, I want to thank you for enabling me to come here today to testify in support of my amendment to Title VIII of the Intergovernmental Cooperation bill. I know you have had several days of hearings on the bill as a whole, and have heard from a widely representative group of interested witnesses. I hope this means that many more people are aware of the need for this legislation than has been true in the past.

Before getting down to the case for my amendment, I want to commend you, Mr. Chairman, and the other members of the subcommittee for the extensive work you have been doing for several years to illuminate the need for inter-governmental cooperation and to hammer out sound remedies for problems which are extremely complex and difficult to resolve. This is fairly esoteric work—the general public has never been very aware that problems grow like weeds between the various levels and compartments of government in this country. This is not an area of reform that is easily explained. But the effort and intelligence expended on this legislation should be widely recognized. The country is greatly in your debt.

Title VIII of this bill would establish uniform relocation payments and advisory assistance for those who are displaced from homes or businesses by Federally-sponsored programs. We are talking primarily of urban renewal and highway construction programs.

The need for such relocation assistance has been fully documented by this subcommittee, by the House Select Subcommittee on Real Property Acquisition, and by the Advisory Commission on Intergovernmental Relations. Furthermore, the unanimous vote for this bill in the Senate last year indicates that the extensive studies made by each of these groups have borne fruit.

My amendment to Title VIII is designed to cover a specific kind of hardship which, in my view, would not be properly remedied by the bill as it stands.

My amendment would authorize payment according to a set formula to the owner of a displaced private business which cannot be relocated without a substantial loss of its patronage. In order to be eligible, the owner must be fifty years of age or older and a tenant of the property from which the business was displaced. His earnings over a three year period have to have averaged less than \$10,000 a year.

Mr. Chairman, as you pointed out last year during Senate consideration of this bill, "small businesses—particularly those owned and operated by the elderly, such as 'Mom and Pop' grocery stores—are major casualties" of land acquisition and clearance for urban renewal or highway construction. The price of progress in urban renewal is too often destruction of the livelihood and earning capacity of the small, neighborhood storekeeper.

In Baltimore, for example, I know of a corner candy store owner who lived and worked in the same location for 40 years. His store was a focus of activity where neighbors stopped to buy their newspapers, to chat and to buy last minute groceries. For 40 years he was part and parcel of that community. I lived in the neighborhood when I was a law student at the University of Maryland, and I was a frequent visitor in that little candy store.

Several years passed and then the city of Baltimore embarked upon an urban renewal project in the area. The candy store and all of its customers were told they had to move. The owner of the building, from whom this man had rented for 40 years, received payment for his building. But the proprietor of the candy store received no payment at all. His store was gone, his clientele was gone, his goodwill was a thing of the past. He was set adrift at 65 years of age with no place to live, no source of income, and only token relocation assistance. This was clearly an extreme hardship.

To be sure, some hardships are inevitable if we are to redevelop slum neighborhoods and renew economic life in the cities. I do not think we should allow a measure of inconvenience to block progress. I support urban renewal. But I firmly believe that we owe a moral obligation to the families and small businesses that have to be relocated to minimize their sacrifices and to make them as whole as possible.

Title VIII as written would provide 100% Federal reimbursement for business moving expenses up to \$25,000 and provides for federal sharing for costs

exceeding that amount. As an option, a small businessman could choose to receive a payment not to exceed \$5000. The \$5000 payment is designed for a business which "cannot be relocated without a substantial loss to its existing patronage." I submit that for an elderly proprietor, such as the owner of the candy store I have described, that \$5000 payment is inadequate. Urban renewal did not result in his relocation; it put him out of business. It cut off his source of income as effectively as if his business had been condemned. And this calamity happened too late in life for him to begin again.

The amendment I have offered would make a more equitable settlement in these very specific cases where it will not be possible to move and begin again. It would provide a lump-sum cash payment—in lieu of relocation and moving expenses—equal to 3 times the average annual earnings of the business for the past three years. If, for example, the candy store owner had an average annual income of \$5000, he would be entitled, under my amendment, to a lump-sum payment of \$15,000. This would, in effect, be a payment in compensation for future earnings lost. Of course, this amendment would have very limited applicability. In order to qualify, a proprietor would have to meet the following four tests:

1. He would have to be 50 years of age or older.
2. He would have had to be a tenant and not the owner of the property in which his business was located.
3. His average annual net earnings for the preceding 3 years would have to have been less than \$10,000 per year, and
4. His business would have to have been of such character that it could not be relocated without "a substantial loss of its existing patronage."

In essence, this amendment would apply only to the small "Mom and Pop" neighborhood stores in which the owners were over 50 years old, earned less than \$10,000, and rented their shop. I might note that if the storekeeper owned his premises, he would obtain condemnation payments for his property as well as relocation funds—and thus would be much more adequately compensated than the storekeeper who is merely a tenant.

The payment formula I have suggested would provide a modest amount, wholly consistent with our moral obligations to alleviate the hardships imposed by urban renewal progress.

Furthermore, Mr. Chairman, the cost of this amendment would be low. I have received an estimate from the Department of Housing and Urban Development that not more than 1,000 businesses per year would qualify under this amendment. If we assume the average annual earnings of these 1,000 businesses to be \$7,000 per year—a relatively high figure considering the \$10,000 ceiling in the amendment—we would be paying an average of \$21,000 to each of these 1,000 businesses estimated, or a total of \$21 million. This is a small sum in relation to our total urban development budget.

Mr. Chairman, I am pleased that the Committee is considering this amendment and I greatly appreciate being invited to appear here today to speak for it. Thank you very much.

Senator MUSKIE. Our last witness is Mr. Berkeley G. Burrell, president of the National Business League.

TESTIMONY OF BERKELEY G. BURRELL, PRESIDENT, NATIONAL BUSINESS LEAGUE, ACCOMPANIED BY CHARLES T. WILLIAMS VICE PRESIDENT, SCHENLEY DISTILLERS CO., AND BUXTON COOK, ASSOCIATE DIRECTOR OF RESEARCH, NATIONAL BUSINESS LEAGUE

Senator MUSKIE. Mr. Burrell, will you identify the gentlemen with you?

Mr. BURRELL. Thank you.

Mr. Charles T. Williams, who is by vocation vice president of Schenley Affiliates, and on my right is Mr. Buxton Cook, who is the associate director of research for the National Business League.

I myself am Berkeley G. Burrell, president of the National Business League, an organization of Negro businessmen primarily, founded

in 1900 by Booker T. Washington, and we continue in the tradition of the founders to attempt to espouse better management techniques and to encourage entrepreneurship among Negroes.

We are presently in 52 cities and we have a funded project, funded recently by the Office of Economic Opportunity and the Economic Development Administration to further this objective of ours within 13 project cities.

First of all, I might say that the National Business League is always pleased to be afforded the opportunity to present its views on pending legislation prior to the enactment of the laws. All too often we are confronted with the "Fait Accompli," and must react to statutes already adopted very frequently to limited avail.

So today we have an opportunity to comment on pending legislation prior to its enactment, and that very opportunity dramatizes most succinctly, our poverty, our deprivation and the disadvantage of our position relative to our white contemporaries. The National Business League is a dedicated organization composed largely of poor business people and we do not have the resources to clinically dissect the kind of sophisticated legislation proposed here today. That is a job for sharp young lawyers whose services we need but for which we cannot pay.

So our remarks here today must be viewed in the context of our ability as a voluntary, poor, business oriented organization, not as the expert legal testimony of exceptional lawyers.

Looking at the bill as a whole, it seems to be trying to set some broad general standards of equitable acquisition and reuse of property by Federal agencies.

To the extent that these enactments will achieve that goal, the NBL is constrained to applaud its purposes, and to hope that its principal objectives will be achieved. Such a uniform standard of action in this area is long overdue and if passed one can only hope that its intent and purpose will not be frustrated by "administrative repeal" or strangling execution regulations.

The bill's present text repeatedly refers to "the administrator" but no place that we could find states what administrator will have the powers set forth, nor does it clearly indicate what agency of Government would have jurisdiction over the bill's end product.

Too, it is not clear to us just how far this bill intends to go in making mandatory upon the State or local agencies the general provisions of the legislation. Where a State administers the performance of Federal legislation. There is too ample a degree of room for State repeal of Federal intent where the Federal intent and thrust is not more clearly stated. Moreover, there should be some penalty attached for noncompliance by a State in any area of the legislation's action phases.

On page 33 of the proposed bill, section 801 of title VIII declares it to be public policy that persons to be relocated because of Federal action or federally assisted action shall be justly and equitably treated.

But nowhere in this or subsequent sections do we find any detailed enforcement teeth in such a policy. Earlier in title V, the bill's introduction mentions "Federally Assisted" and "Federally Aided" programs. Now, it may be that somewhere in the bill there is written some kind of enforcement guidelines or techniques that would assure equitable enforcement of the provision of the bill, whether the action taken

is direct Federal action or action by an agency of local government that is aided or assisted by Federal public funds.

For example: if the Daimler Grocery Store in Hattiesburg, Miss., is in the path of a proposed new secondary road that the county is going to build, we would want this bill to have some specific penalties spelled out to assure that Vernon Daimler would not be denied the relocation assistance provided by this bill just because he is black and just because the agency in Mississippi that handles the project is manned by bigoted local civil servants.

Our question to this committee is: "How would this particular NBL merchant be assured of the benefits intended by this legislation if an intervening State or local agency administers its provisions?"

Where are the enforcement teeth? What will happen if the local agency follows a policy of rampant, premeditated, racial discrimination in the administration of this and all of its other official functions?

What in this will prohibit or preclude the operation of such a policy of flagrant bias?

To go a step further, any State or local governmental agency in the normal pursuit of administering the public policy objectives of the office involved can embark upon a worthy community project, that has widespread community support. Indeed, such a project could serve an unchallengable public community need. But to execute the project displacements and relocation of minority citizens will be necessitated. In many areas of this Nation, the displacees will not find it practical to secure standard housing accommodations of the prices and payments set forth in this legislation.

It is our thinking, in the light of today's circumstances, that some provision should be written into section 805 or other appropriate sections of title VIII that will assure the payment of enough money to establish the displacee in his new location. The actual physical relocation is only part of the problem.

In the case of a residential dwelling, relocation payments should accomplish the objective of transplantation of the household to the degree that the operational obligations are identical to the position held prior to movement. In other words, whatever proportionate share of net income is allocated to each living and for household operational expense prior to movement, that same proportionate share should prevail subsequent to relocation.

In the case of a typical NBL business, the same conditions and circumstances should prevail with respect to his living accommodations and in addition to his business. This assumes, of course, that to some degree both elements are affected by the relocation. With specific reference to the business, the relocation payments must achieve the objective of reconstituting a going concern in a new business environment. If a farmer is entitled to actual and reasonable expenses in searching for a replacement farm, certainly the small business operator is entitled to actual and reasonable costs of feasibility studies and other services and cost needed to establish a new business location.

We have a pilot program, Project Outreach, where we are providing a small amount of technical assistance to businessmen with such problems. What we are doing fills only the smallest part of the need, and indicates how much more attention and resources must be applied, not to solve the problem but just to find out more about how big it is.

Let us for a minute take a look at the findings of small businessmen which have been uprooted and scattered in the past. The two most responsible Federal programs have been the urban renewal program conducted under the Housing Act of 1949, as amended, and interstate highway construction conducted under the Federal Aid Highways Act.

Up to 1963 of the total number of businesses displaced by Federal programs, 70.3 percent were displaced by urban renewal projects and 19.2 percent by Federal aid highway construction. The third large displacee of business, the low-rent housing program, conducted under the Housing Act of 1937, as amended, displaced 75 percent of the total businesses displaced for the same period. It is estimated that through 1972 approximately 18,000 business and nonprofit organizations per year will be displaced by Federal programs, as compared to a yearly average of 11,000 over the most recent years.

Business displacement is an urban phenomenon, 93 percent of all displacements were in urban areas. Who owns these businesses which are being displaced and what kinds of businesses are these? Well, all this takes place in the older and most rundown part of town and we all know who lives there.

Dislocation impairs a business' chances for survival and moreso if the business is small. How serious is this impairment? The findings of a survey of 50 local public authorities for urban renewal by the Urban Renewal Administration in 1963 showed that 35.3 percent of all displaced businesses discontinued operations. Of the operators discontinuing, 55.5 percent were tenants.

The overall result is that the typical business displaced is a small, perhaps marginal, service or eating establishment with a walk-in clientele, which is especially vulnerable to displacement. Gentlemen, that's us.

In Nashville today, this minute, the construction of a link of Interstate 40 through the heart of the Negro business district will directly displace 20 businesses and seriously affect another 146. The highway is dividing the North Nashville community, affecting access of the population to schools, churches, parks, hospitals, and the businesses. In its wake, about 600 dwellings will be razed, thus removing part of the population; the poor system of streets in the area will be further complicated by the permanent closing of 47 streets and the temporary blocking of another 10.

The sight of blocked sidewalks, the 5-mile detours, the dissection of service stations, the granting of \$200 to remove a dry cleaning plant, equipment and all, the evacuation of leasehold tenants with no compensation for recent lease improvement, the refusal of compensation to tenants without leases. Gentlemen, to me, this is a disaster area, which I toured only last week.

On page 40, line 10, this bill refers to assistance from the Small Business Act. The section cited is the single most conservative loan program in the entire package of SBA financial assistance existing today.

Section 7(a) loans start with a requirement that the borrower must invest as much money in the business as SBA loans. So if a displacee needs a \$20,000 loan to reestablish in a new location, he has to have \$10,000 of his own. It is our considered view that section 7(a) will not and cannot be made to serve the needs of the small inner-city busi-

ness that is adversely affected by public action requiring relocation of his business operation.

We do feel, however, that we can suggest directions in which legislation might be pointed that will yield the greatest good to our society.

With that in mind, we would suggest that this committee give serious and careful consideration to the creation of a small-business capital fund to be set up by SBA for the purpose of revitalizing and stimulating small enterprises that are relocation candidates. Such a fund could be used not only to relocate the business, but to upgrade and revitalize it with a view toward enriched profit production. There is an inherent kind of negativism about uprooting and relocation of business and businesses.

The knowledge that the enterprise can get liberal assistance to upgrade and expand and enrich its functional operation can have an electric effect on the general surrounding community.

First, the small business operator becomes immediately an advocate for the project requiring his removal rather than an antagonist. The price he gets for his present enterprise is less likely to be as important to the operator as it would have been otherwise. Because he is indigenous to the surrounding population, he will have a more salutary effect on the attitude of that population than would otherwise be the case.

To carry the hypothesis further, the NBL working with the SBA and its management assistance people could organize local small enterprise groups to create small neighborhood convenience centers that would be profitable for the operators and inspirational and motivating for the community. To make such a program effective, we think the pending legislation should spell out the broad operational methods and modes for such an experimental program.

And it must provide for a special allocation of funds for its operation. For above all, the Congress has perhaps done no greater disservice to our membership and to the small business community at large than to set up the SBA as a convenient whipping boy.

The very mention of SBA in this pending legislation is little short of criminal. And it is the fault of the Congress that this is so. For whatever learned reasons that it may have or have had in the past, the Congress assigns an increasingly larger workload to the SBA, but it gives it no meaningful budget with which to operate. It is cruel and inhuman punishment for the Congress to give to the SBA \$5 or \$6 million and then direct it to execute programs requiring \$50 or \$60 million.

It is cruel and inhuman to extend false hope to a multitude of small entrepreneurs, but it is equally monstrous in its depressing and debilitating effect on the SBA establishment, many of whom are fine, dedicated public servants. From my brief acquaintance with him, I get the impression that the present SBA Administrator is the kind of capable public servant who would make many of the SBA programs far more effective if he had more funds.

Therefore, although the record will show that I am, and have been, one of SBA's most severe and unrelenting critics, with regard to this legislation, I urge that all of its facets dealing with the relocation of businesses should be made a function of the SBA; and its management assistance people working with the NBL should be given a special

mandate and a special budget that will allow the total revitalization of small enterprises affected by public action.

NBL does not believe that public improvement activities requiring relocation of citizens and their function should be ipso facto regarded as disasters, nor should such actions be associated with disaster assistance. If the Small Business Act is to be amended, it should be so changed as to provide a program of special assistance to the little business that is adversely affected by public action.

The NBL criticism of the proposed amendment described on page 40, commencing at line 12, is that it places the burden of proof of economic injury on the little fellow with limited resources. Any agency employee can determine that there has been only slight economic injury and effectively preclude the entrepreneur from assistance. It would be far better to make anyone who is touched at all by public actions indicating relocation in the interest of survival, eligible for the special SBA assistance we have described.

For in any objective evaluation of SBA participants or clients, those who are most easily declared ineligible for assistance are likely to be those who are most likely to succeed with reasonable SBA aid.

In summary then, we suggest a special SBA assistance program for businesses adjacent to or in areas affected by public action; we suggest that section 804 be made more explicit in calling out the extent of mandatory compliance by local agencies acting as alter ego for the Federal Government and that provisions for the ample funding of the several programs and policies set forth be clearly identified and earmarked.

Thank you very much.

Senator MUSKIE. Thank you, Mr. Burrell, for your excellent testimony. It is just the kind of thing we want.

May I say, first of all, that it is the intent of this legislation by making it 100 percent federally funded to insure that its provisions are made available across the country. Several suggestions have been received in the course of the testimony to insure that there is adequate followup to protect those who have been designed to be benefited by the legislation, and this followup function is an important one.

We will look at the legislation to insure that we have done all that we can to protect it.

With respect to adequate fundings, unfortunately, we are not the Appropriations Committee. We can write what we think ought to be the goals, and we certainly will, but there is no way that we can write in here anything that will tie the hands of the Appropriations Committee, and I would not want to abuse you on that score.

Mr. BURRELL. Well, I would say, Senator Muskie, the best thing in the testimony this morning, I think, first, the testimony is tough to follow. I think they were excellent witnesses.

Senator MUSKIE. Well, might I say that although you disclaimed any expertise in this field, your testimony waters down your disclaim.

Mr. BURRELL. Well, listening to them, and then to hear the response of the gentlemen present, I am just amazed by the concern of you gentlemen as it relates to the kind of legislation that we eventually get. Either you are the finest public servants we have, or it is tough to assemble them all in one room, to march with the same banner to accomplish these great public services.

Senator MUSKIE. Well, let me say this: this legislation before us is the product of about 3 or 4 years of work, and it has not really been gone into as thoroughly as it should have been, and as we are trying to do now.

I think that the concern we are reflecting here would be shared by substantially the majority of the Congress once they get the same exposure to the facts and to the injustices. So, I do not think you ought to attribute to us any higher level of concern than I think is held by the majority of the Members of Congress.

Mr. BURRELL. I will just reserve my other criticism until I see the final action.

The other thing, Senator, was this morning there was some discussion about what to do with displacees in an urban renewal area, for example. I think we have got a long ways to go in new technology in housing. I would hope that the concerned agencies would look toward being more innovative in this area.

For example: where there are large areas of cleared land, we have not even begun to experiment with pre-fab homes, especially in the mobile home area where you take—if you look at one mobile home it does not mean anything, but if you put them together then you really begin to do something.

If you stack them, then you are really beginning to come up with some configurations in which people could actually live cheaply, quickly, and you could—well, you could go as far as you would like with that.

In addition to the fact that mobile homes could be stacked and stairs could be run up the outside, or could be run through the center, and they can be put together, that they can be erected fairly quickly, is the fact that they could be erected and constructed within the indigenous neighborhood in which it is going to occur.

A mobile home factory is simply a large overgrown cabinet shop. You could employ numbers of people just putting these things together and moving them to the site, and quickly, and moving other people in.

I rode to Mississippi about a month ago and I got the feeling that we had not even begun to approach the problem of how do we move those shanties, even as dramatically as using helicopters to move one of them out of the way and drop it in the trash pile, and then drop another one right in its place. Like that, it could be done.

It could be done cheaply, but who in this country is prepared, and what agency is prepared, to approach those kinds of technology and to begin to think innovatively like this. But it can be done, and I submit that it must be where we are headed if we are really going to solve the problems of progress as it relates to human needs and the renewal of people.

Senator MUSKIE. You have just made a speech that I have been making to the members of the Housing Subcommittee, but you have made it better than I have. I agree with you that we have not addressed ourselves to applying technology to the problems of low-income housing. I could not agree more.

Senator BAKER. Mr. Chairman, if I could, I would like to get my own pet oar in the water in that respect. I agree with what you say, but I also think that we have been terribly slow in making technological advances and advancement of new techniques for the reclaiming

and rehabilitation of existing structures. I think that so often whole neighborhoods could profit immeasurably if satisfactory and economic ways were found to make those neighborhoods hospitable. In some cases it may be necessary to destroy them and rebuild them.

It would obviously eliminate in some cases dislocation. It would obviously eliminate much of the eminent domain inequity that we have spoken of. Obviously, you start with a structure in many cases, at least, that could be rehabilitated. So, I think we are falling behind in the technology of rehabilitation as well as the technology of construction, and I think this is a subject that should have extensive thought and activity before we launch ourselves on this matter of meeting the need for massive new decent housing for so many people in this country.

Mr. WILLIAMS. Senator, I am down from New York, and I am Mr. Williams of Schenley Industry, and my chairman has been very interested in this whole project. I would ask that you look into the possibility of what could be done about immediate occupancy of people who are being removed from housing, for additional housing.

And through some contacts I ran into a corporation called Howard P. Hoffman Associates, their organization and their consultants in management of corporate land plant and equipment.

They advocate rehabilitation of existing structures the same as you, Senator Baker. They have been in this field for 4 years and they say, in essence, and I will give it to you very quickly, that rehabilitation of existing structures which are sound on the outside and, of course, often dilapidated on the inside, is a time-saving event.

The time that they save ranges between 50 to 60 percent of the new construction. No demolition is required, no excavation of foundation or structural work to be done. The cost, which is important, Senator, is that it reduces the cost in a range of 20 to 40 percent of new construction and results in more house for the same dollar amount.

It reduces people's relocation problem because they can start on a block and between the time the people move out and the time it is completed, it can be done in 4 months, which means that they can use the temporary structures Mr. Burrell was talking about and move these people back in new structures within 4 months.

The original feeling, Mr. Chairman, of the people of the neighborhoods, of course, the people who have lived there for many years, can also be moved back into their existing communities.

Now, according to what I understand, this program can provide **opportunities to upgrade the economic and social health and welfare of the urban areas.** Profits can be made from being owners or investors, and I am not talking about the indigenous citizen who feels that he has no stake in America becoming a part owner of this operation. I will get to that in just one second, how that can be done.

Creative, new, and broadening market of opportunities for building and household products can also provide a testing laboratory for construction companies and products for material that could be used on site.

Now, they have done a couple of programs, and I have complete photographs of the time it began until they stopped, and I am like a father, I just have these pictures in my wallet, and I just happened to have this.

I am down from New York and I was not aware that we were going to testify today, but I did have this before me and I am vice chairman of the NBL, and I did have this and he asked me to come along, and I do have these pictures of the structures from the original to the time they have been completed, so you can see what can be done.

Now, my board chairman feels that this, and of course according to Mr. Weaver, New York alone, he says, is going to need 8 million dwelling units. In New York City alone, he says, 58,000 buildings are in need of rehabilitation at a cost of over \$5 to \$7 million in the next decade.

To project these figures for the whole nation, Mr. Weaver says, raises the prospect of dealing with numbers so astronomical that only a computer could comprehensively handle them, and again we get back to the problem of, where do we get the money to do this sort of operation, because the cost is important.

Well, here Mr. Rosenstiel feels at the present time, and I will read a brief excerpt from his notes:

At the present moment, slums are a cancerous condition in American life in the midst of an affluent society. Certainly, the slums will be abolished. The question is whether the people who now subsist in them will have an opportunity to enjoy life in our affluent society before they die. The speed with which we are approaching this problem today is that of a snail's pace.

There has been a very prevalent difficulty in obtaining the necessary funds for slum clearance. At the present time, this difficulty has been aggravated to an even greater degree.

On the one hand, we have the continued drain on the American financial scene, although we cannot relate financing to the loss of life or limb or the heartbreaks of families. Moneys going to Vietnam add to the burden of obtaining moneys for slum clearance, with speed and dispatch. The moneys used in the race in space add tremendously to the expenditures for defense in a world in flux during the era of change in the balance of power among nations and upheaval. All of this is costly and hardens the arteries of what should be the human heart. Too many people become too callous too fast.

The laws of human nature, the hypocrisy of the law itself, in many, many instances, and of the lawmaker, too, in many, accentuates the abnormal creation of so-called criminal elements.

Moneys reaching into this area of endeavor, human nature being what it is, escapes taxation in many instances. And the publicity attendant thereto paints us as a lawless country the world over. The disproportionate amount of money that undoubtedly have escaped taxation not only here but in many places in the world, is evidenced by the fact that there are so many tax havens. By the time the Federal Government catches up with its evasion, and sometimes this is impossible to do because the evasion is so hidden, the untax-paid moneys have grown by leaps and bounds in faraway places.

Again, this is Mr. Rosenstiel, quoting:

It is my opinion that the so-called bad money, as well as what we refer to as good money, can be tapped for slum clearance. What is wrong with forming a slum clearance district, and taxing the same way you do a school district, the road district, the levee district, et cetera. Or you could do it on a slightly modified basis and something like the Mackinaw Bridge Authority.

Let's take a city called X. Let's say, they estimate they can do a slum clearance job for \$200 million. Let us say, through legal processes this district is formed and can issue tax-free bonds. And suppose it wanted to issue \$200 million in tax-free bearer bonds.

The land would be appraised, the cost of the buildings in reconstruction, and all of the things necessary to make the district part of the American community with decent living conditions, and with speed. All of this would probably be worth many more hundreds of millions more than the bonds could call for. These would be bearer bonds, presumably paying a high interest rate of 5 percent (or

even 4½ percent), tax-free, and they would attract moneys from other sources, perhaps even without trying. When this tax-free interest rate was related to the gross rate that would have to be obtained from the average person to equal the tax rate, you would find a ready market and certainly in bearer certificates the moneys "filched", for want of a better word, out of the country would return if no questions were asked.

I do not believe there would be much trouble raising huge sums of money for slum clearance in this way.

Also, there would be many public-spirited citizens, of all races, creeds, and colors, who would not only be delighted to put their shoulders to the wheel to see that the finest end result was obtained from this money, without any shenanigans and with speed and dispatch.

That is his statement.

Senator MUSKIE. Thank you very much. Mr. Cook, did you have a statement you wanted to make?

Mr. COOK. No, sir.

Senator MUSKIE. Senator Hansen, do you have any questions you wanted to put?

Senator HANSEN. No, I do not think I do. However, Mr. Chairman, I might make an observation.

I, too, have been disturbed, through not exposed as much as many have been to the problem. I am concerned about what happens to people within these areas that have been taken by the Government for one purpose or another. Highway programs have been mentioned, and I think urban renewal programs have been mentioned.

I think it is difficult, arbitrarily, to assess the full impact of the costs that devolve upon the shoulders of the persons who are in an area that is taken by the Government. When you put a road, a super highway, an interstate highway, section of an interstate highway system, so as to effectively block in people from one part of a town and thereby deny their patronizing little stores that may continue existing in another part, you may have done irreparable harm to that person's business. Yet it may be far enough removed from the project that he would not be entitled to any consideration at all. Yet he has very definitely been hurt.

And I am concerned also about the fact, or I think it is a fact, that sometimes we tear down homes and what happens to those people who are caught in the bind, those who have been moved out of an area; they may have only been tenants, but where did they go? I think there is a lot to be said for the presentation that you have just made.

It makes awfully good sense to me, that if we could incorporate within your framework a continuing concern of the Government permitting us to extend to those persons some of the assistance that the Government has given others in our society from time to time, thereby enabling them to become homeowners, that we will have gone a long way in assuring that these newly renovated areas would be kept up. I do not think there is any better way to encourage people to care for property than to give them some ownership in it, and any programs—and I happen to be a sponsor along with others of a bill that would tend to do this—would be one of the best things we could do.

I would invite your comment on that point.

Mr. WILLIAMS. Sir, nobody breaks a window in his own house, you know, because it is not profitable for him to do so. This is why, in American life, we must bring the indigenous communities into a position where they can obtain this, and we are spending a tremendous

amount of money in the area, but I do not believe we are getting our money's worth.

For example, I am chairman of the Board of the Office of Economic Opportunity in Nassau County. We have a drastic program out there for the lack of housing, so much so that the Department of—they call it the Social Welfare now, but the Department of Welfare has to house people where they cannot find housing for them in motels.

They pay them \$10 a day for a room in a motel with a family with four or five kids living in one motel room. Now, it seems appalling that we have to spend this money because we do not have anything available, yet this is one of the most affluent communities in the Nation today.

So, I think something must be done to address ourselves to the fact that we are spending money, but are we getting our money's worth. This is the question that I am concerned with. I do not mind spending it if something comes out of it.

Senator HANSEN. Thank you, Mr. Chairman.

Senator MUSKIE. Well, gentlemen, I think as in all such cases, we must finally come to an end here in our sessions. We must get over to the floor. But I appreciate your testimony.

It has been a most worthwhile morning and I am glad we were able to get permission from the Senate to continue with our hearings.

Mr. BURRELL. Thank you very much.

Senator MUSKIE. Thank you.

(Whereupon, at 1:05 p.m., the committee adjourned.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

TUESDAY, MAY 28, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:20 a.m., in room 457 Old Senate Office Building, Senator Edmund S. Muskie (Chairman), presiding.

Present: Senators Muskie and Hansen.

Staff members present: Charles M. Smith, staff director, Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order.

I apologize for being late. We seem to have just too many meetings on different subjects around this town.

Our first witness is an old friend of this committee, a Senator of distinction, with whom it has been my pleasure to serve since we first made the mistake of coming here in 1958.

It is a pleasure, Senator Moss, to welcome you.

TESTIMONY OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

Senator Moss. Thank you, Mr. Chairman. I appreciate the opportunity of appearing here this morning. I have a prepared statement which is fairly brief. I think perhaps brevity can be improved if I stay right with the text, although, of course, I shall be most happy to respond to any questions or colloquy that you and Senator Hansen would like to propound.

Mr. Chairman, for a number of years, I have been a cosponsor of the Intergovernmental Cooperation Act, this year numbered S. 698. This version is a comprehensive bill which has been painstakingly drawn to make our huge programs of assistance to State and local governments as effective and economical as possible.

A number of the provisions of this bill were contained in the act passed by the Senate in August 1965. Unfortunately, the House did not act on that measure, and so these provisions have had to be reintroduced.

A significant provision of the 1965 bill provided for congressional review of future grant programs to insure that they are reexamined systematically, and reconsidered in the light of changing conditions.

Since 1965, the need for this section has become much more acute. In your remarks introducing the act in 1967, you pointed out how much Federal programs had grown in just one small area—Federal grant programs for community water supply, sewers, and sewage treatment facilities. Five agencies of the Federal Government are presently involved in administering such grants. Even though the agencies have worked out arrangements designed to minimize administrative confusion, it is still difficult for State and local governmental officials to sort out these programs, and to know which ones might be of the greatest help in solving their problems. There are now more than 200 major Federal grant-in-aid programs to assist State and local governments. I understand there are something over 400 different authorizations. Many of these are extremely valuable—even necessary—but there can be no doubt that they should be reviewed periodically and systematically, and that we must attempt substantially to reduce the number. While it is true that State and local governmental agencies, which maintain the day-to-day contact with the general public, can now come before congressional committees to let us know their views, there is no formal or systematic procedure for bringing such matters to the attention either of Congress or of the executive branch. Therefore, all too often, no new program will be initiated to meet a specific need without sufficient consideration being given to the greater efficiency which might come through the expansion or alteration of existing programs.

As our population increases, it is virtually certain that the size of Federal grant-in-aid programs will also expand. Therefore, the need for a systematic program of review becomes greater by the year. This bill contains an effective mechanism for bringing about the needed review of programs. This is the automatic expiration of grant-in-aid programs after 5 years. In cases where no termination date is specified by law, and a grant-in-aid program is not specifically exempted from the provisions of this act, then the authority to make such grants-in-aid will expire not later than June 30 of the fifth calendar year which begins after the effective date of such act.

It also provides that the committees of the Senate and the House to which legislation extending such authority would be referred, shall, separately or jointly, carry out studies of the program with a view to ascertaining whether or not its continuation would serve the public interest, including a determination of whether or not a substitute might be an improvement.

A significant new authority is provided in title VI. This authorizes the President to submit to the Congress plans for the consolidation of individual categorical grants. Congress could accept or disapprove the plan in a manner similar to that provided in the Reorganization Act of 1949, which was passed in accordance with the recommendations of the Hoover Commission.

This means that a consolidation plan will go into effect 90 days after submission by the President unless, during that time, either the Senate or the House passes a resolution in opposition to the plan.

There are many other provisions in this comprehensive measure. Altogether, it will enable the Federal Government, the States, and the local governmental bodies to achieve the fullest cooperation and coordination of those activities in which they are jointly engaged

and for which the Federal Government is providing a substantial portion of the financing. I urge prompt Committee approval of this measure and surely hope that Congress will enact the measure this year.

Senator MUSKIE. Thank you very much, Senator Moss. I appreciate this statement.

There are many, many aspects of this bill which you and I could get into, but which I think time prevents.

You did not mention the relocation provisions of this bill.

Senator Moss. No, I have not covered that in my testimony. I just really made a brief and cursory statement on the general objectives of this bill. I wanted to stress the great proliferation that there had been in these programs.

Now, I suppose every State now has to have a department for just trying to keep track of all the Federal programs and keep them sorted out, because the State officials and particularly the municipalities, and when you get down into the smaller-sized ones, are utterly bewildered. They have no way of knowing where to turn, there are so many different programs. They all need to be coordinated.

Senator MUSKIE. On this broad area of grants consolidation, of reduction of administrative red tape, block grants and tax sharing—I think it finds all of us arguing against each other and inconsistent with our own points of view from time to time. So it is no wonder that local officials and State officials are at least as confused as some of the rest of us.

For example, this legislation contains a provision to which you have referred, giving the President authority to consolidate individual categorical grants. Now, I know that this is going to be opposed by some in the Congress who see this as an unwise delegation of Congressional authority to the Executive. Yet some who find themselves in the ranks of the opposition are also strong supporters of tax-sharing, which would delegate Congressional authority over program objectives not to the President but to State Governments. So we have this problem of somehow evolving a more flexible and sensible channeling of Federal resources to the States without getting tangled up in our own philosophical problems.

Are you troubled by the fact—I gather you are not, so I put the question anticipating a negative answer—that consolidated grants would delegate authority to the President over these programs? In a sense this is legislative authority.

Senator Moss. No, I am not, philosophically or otherwise troubled by that. It seems to me that the President being the Executive arm of the Government does have greater ability to move forward and take a positive action, whereas the Congress, being the legislative body, is not an action body so much as one to consider and either approve or disapprove. So I think the provision that is here in the bill of permitting the President to order the consolidation and giving the Congress a period of time within which to disapprove if we think it is unwise is a reasonable provision and this has worked well on the Reorganization Act that the President has used, well, ever since 1949, has used quite well.

I do not worry about that delegation, no.

Senator MUSKIE. Senator Mundt has suggested that perhaps objections to this provision in the bill might be softened if it were modified in the reorganization powers to permit amendment by the Congress of the President's consolidation plans. Before I offer or suggest involvement in that action, what is your reaction?

Senator Moss. Well, my reaction is somewhat negative to that. It seems to me if the Congress finds such a flaw in the proposal that the President sends up, then it had better turn it down and send it back saying this is not approved. I am sure that out of that, with conferences with the leadership of the Congress and the leadership involved, the executive branch might well make an amendment and send it back again for second consideration. But I am afraid if we get into the situation of the President sending it up and then on the floor, we begin to offer a lot of amendments rather than simplify and streamline what we are talking about, we may come out with something as complex when it is finished as when it was sent up in the first place.

After all, the idea here is to try to consolidate and simplify and streamline as much as we can. That is presumably what the President's proposals would do. The Congress still has to appropriate the money, we still have to look at the overall program, and I would not favor giving the amendatory power to the Congress on the President's proposals.

Senator MUSKIE. I would like to make two observations of my own, simply to make them a part of the record where they will be readily available for discussion by the committee and the subcommittee in the markup session. I think the point you make is very valid.

Second, I think if we allow this amendatory process, the 90-day period for action by the Congress would have to be eliminated. The process being what it is, I do not think by consolidating the power to legislative recommendation, you can expect realistically to get it completed within the 60 or 90 days that might be permitted for congressional action.

Also, one of the purposes in trying to do this in the way a reorganization plan is handled is to minimize the political difficulties involved in eliminating the identity of programs which have a built-in constituency in the Congress and elsewhere.

For example, in the water and sewer field, we have the so-called Aiken program for water and sewer projects. This is in the Department of Agriculture for communities of under 5,500. The Department of Interior has the big waste treatment grant program, which benefits all communities, including communities of the size I have just referred to. We have in the Department of Commerce the supplemental grants for these programs under the Economic Development Administration. HUD has the associated programs to construct sewers.

There is one other I have left out, but in any case, in all of these programs, there are built-in constituencies within the agencies, within the classes of beneficiaries, within the Congress. If you were to challenge all of these to exercise their initiative in diluting any recommendation for consolidation that the President would propose to the Congress, I think you would virtually destroy the prospects for consolidation.

I make these observations simply as my present reaction to the suggestion which I think was offered by Senator Mundt in wholly constructive content. But I think we have to come to grips with this basic proposal of consolidation as a meaningful and perhaps tough means of consolidating programs and moving toward the objective of block grants, which is the objective subscribed to by so many members of the Congress who seek to approach it from different philosophical points of view. I do not know whether we can resolve those points of view, but I think what we are hoping for is block grants. I look on the consolidation proposal as one means of approaching that.

I have used your statement as a means for making my own speech, but that is not unusual in the Senate.

Senator MUNDT. You have done very well. Thank you very much.

Senator MUSKIE. Our next witness is Congressman Chester L. Mize of Kansas.

I apologize to you for interrupting your schedule.

STATEMENT OF HON. CHESTER L. MIZE, REPRESENTATIVE FROM THE SECOND CONGRESSIONAL DISTRICT OF KANSAS

Mr. MIZE. Thank you very much, Senator Muskie, Senator Hansen, for giving me the opportunity to ask a question this morning.

In the first place, I enthusiastically support this legislation which, as I understand it, basically is to provide uniform, fair, and equitable treatment of persons, businesses, or farmowners displaced by Federal or federally assisted programs. What I want to ask is what can be done to establish a standard policy to reimburse lessees on railroad rights of way that are so displaced. Let me give you an example of the problem that we have out in my State of Kansas.

For example, the Defense Department acquired many thousands of acres 4 or 5 years ago in connection with the expansion of Fort Riley, Kans. Included in the land that was taken, was a Union Pacific Railroad right-of-way. On this railroad right-of-way was a grain company which leased land from the railroad. The railroad is paid for its property but this grain company was not. We do not seem to have a policy to reimburse these lessees for their improvements.

Now my predecessor, Bill Avery, who incidentally is running for the U.S. Senate this year, introduced a bill for compensation to this particular grain company. It was referred to the Committee on Public Works. It got bogged down there. I introduced the same bill when I came. In a later year it was tacked on to the omnibus rivers and harbors bill. It passed the House but failed in the Senate. Senator McNamara was responsible for striking this particular section of the bill.

Senator McNamara was very kind and wrote me and suggested I introduce a private bill, which I did, but this bill bogged down.

I have the same problem now with a railroad that is being taken in connection with the Big Perry Dam out in my congressional district. I have the city of Valley Falls which has some improvements on this right of way not being compensated. I have another grain company on this railroad, not being compensated.

Now, if my question is not appropriate to this legislation, please say so, and I will continue my search for an answer to this problem.

It is a knotty one and I have some awfully unhappy people, with whom I'm sympathetic.

Senator MUSKIE. Well, let me say this, Congressman. When this bill was introduced first, about 3 years ago, its principal objective was to undertake to make uniform policy in this field, covering all Federal programs including direct Federal programs and Federal aid programs. Because of the difficulty of legislating in this field, we limited our objective pretty much to that. Now time has caught up with us and there is increasing pressure not only to do that but to develop more realistic policies for reimbursement of people's displaced land than we have had in any of the Government agencies.

Last week, we had, I think, some very persuasive and indeed moving testimony from people associated with Resurrection City and the poverty march, as well as representatives of the Negro community. Their testimony highlighted the very great inequities that are imposed upon people who are displaced, who tend to be lower income groups. So I think probably the subcommittee's attention is going to be focused more and more upon the inadequacy of some of our present policies, even in the agencies which have the best programs.

Now, I cannot predict what the subcommittees might do to respond to that challenge. I can only say to you that I think there is some prospect that we can focus on, so it would be most appropriate for you to submit your proposal to us in this larger context.

Page 54 of the bill—I do not know if you have looked at it—comes closest to doing anything for tenants or lessees.

Begin on line 8:

For the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property.

I gather this means that the tenant can get reimbursement only if he has an interest as against the owner of the property. This, I would think, would not go far enough from your point of view or from the point of view of the other witnesses last week. All I can say to you this morning is that we are alerted to this larger policy question and I hope we can give it some attention, but I cannot predict what we will do.

Mr. MIZE. I appreciate your saying that, Senator. It is a problem, and I hope that possibly, we can establish a standard policy to reimburse these lessees on the railroad right-of-ways, where the railroad is paid but they are not.

Senator MUSKIE. Do you have an amendment to offer?

Mr. MIZE. As I say, I am here more to ask for advice and counsel. If you would suggest that I see to it that an amendment is prepared and offered, I will go that route.

Senator MUSKIE. Why not do it and we will at least consider it and deal with it frankly and honestly with you on it.

Senator Hansen, would you like to inquire?

Senator HANSEN. I have no questions.

Mr. MIZE. Thank you very much.

Senator MUSKIE. The next witness is Secretary Robert C. Weaver, Department of Housing and Urban Development.

We are pleased to welcome you, Mr. Secretary.

May I apologize to you also for being late.

TESTIMONY OF ROBERT C. WEAVER, SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; ACCOMPANIED BY H. RALPH TAYLOR, ASSISTANT SECRETARY FOR DEMONSTRATIONS AND INTERGOVERNMENTAL RELATIONS, ASHLEY A. FOARD, DEPUTY GENERAL COUNSEL, AND JOHN FRANTZ, BUDGET OFFICER

Secretary WEAVER. I am pleased to appear before you today to present the Department's views on the proposed Intergovernmental Cooperation Act of 1967—S. 698—and several related measures. We welcome the continuing exploration of the problems of federalism and the role of the Government in dealing with the problems of an urban society.

It is appropriate that the legislative proposals contained in this omnibus bill focus not on Washington alone, but also on the State, regional, and local levels of government. A complex and decentralized system of government, an exploding urbanization process, rising expectations, and advances in technology mean that there can be no ultimate or unchanging solutions to how government conducts its business.

We endorse the general objectives proposed in this act—

- more uniform administration of Federal grants to State governments;

- extending reimbursable technical assistance services to both State and local governments;

- supporting rather than bypassing the local general-purpose governments of the country, where ultimately all public and private services must be coordinated and delivered;

- continuing congressional review of Federal grant-in-aid programs to assure their relevance and adequacy in meeting national needs;

- simplifying and consolidating grant-in-aid programs where greater effectiveness can be achieved thereby;

- more uniform and expeditious Federal practices with respect to the acquisition, use, and disposition of urban land, including consistency, to the extent possible, with local planning goals, and

- more equitable and uniform Federal relocation policy to minimize the possibility of hardship among the people and businesses displaced by Federal and federally-aided programs.

It should be emphasized that none of these objectives designed to support strong and capable governments are meaningful unless they have the effect of bringing public resources to bear in making our urban places worthy of the people who live in them. Neat and orderly administration is a mockery unless it assists the people of urban

America in providing decent housing, averting the spread of slums and blight, focusing resources on needs that are most pressing, and providing opportunity for people to choose among types of environment that fit their needs and desires.

It is indicative of the great strength of our democratic system that most of our public debate centers not on the objectives of his bill but rather on the most effective means of achieving them. In this context I would like to comment on the titles of the proposed legislation and briefly identify some actions currently underway by our Department in cooperation with other Federal agencies and State and local governments that complement or that are consistent with the bill's basic objectives.

Senator MUSKIE. Secretary Weaver, I cannot resist making a comment on two hearings I recently chaired, one yesterday and this one today. Yesterday, we were concerned with considering the potential of the steam engine as motor power for the automobile. We had two exhibits, two steam automobiles constructed in terms of the available technology today. We could not find room in that hearing. Everybody wanted to come to look at these gadgets and hear what the potentials were. We had the television cameras, the newspapers, and cameras. I suspect that as a result of that hearing yesterday, I got publicity from coast to coast, on the networks and in newspapers whose names I have never even heard.

Well, today we have a dry technical bill which is concerned with the problem of making government work. The reason I am stimulated to make this comment is the first complete statement on this page, that it has to do with making this system work for people of this country. It is technical, it is dry, but it has more meaning on which the people affected are responding and upon which they have focused attention than almost any bill that comes before a congressional committee. There are exceptions, the housing bill, which is before the Senate, is equally meaningful.

But here, we cannot get attention upon legislation that can really, in somewhat fundamental ways, redirect the process of government so it can achieve the goals you so eloquently stated at the beginning of this paper. I could not resist that comment.

Secretary WEAVER. If I may make a postscript, I think one of the problems that faces us is we are a gadget oriented society. When we come up with a gadget, no matter how superficial it may be, we get a response. When we come up with tough analytical problems that have great meaning and importance, we are faced with the situation you mention today.

Senator MUSKIE. Now that we have commiserated with each other, you may proceed.

Secretary WEAVER. We favor title II which has the objective of making full information available to the Governor and of furthering the uniform administration of Federal grant funds to the States. In this connection, the Department last year initiated a service to each of the Governors under which we provide his designated representative with quarterly reports on HUD supported projects within the State.

HUD has several programs which are administered through the States. Two of these are relatively new, the urban information and technical assistance program authorized under title IX of the Demon-

stration Cities and Metropolitan Development Act of 1966 and the community development training program authorized under title VIII of the Housing Act of 1964. In both of these, maximum discretion has been given to the Governor for designation of appropriate State agencies to carry out the programs. In addition, several elements of the section 701 planning assistance program involve grants to the States. There too, particularly in connection with the program of assistance to State planning, we have taken advantage of the administrative leeway permitted under the law in order to assure the involvement and support of the governors.

We also favor the provisions of title III which authorize Federal agencies to provide specialized and technical services to State and local governments on a reimbursable basis. It is premature to identify the specific HUD services that will be called for by the States and localities. They might, for example, utilize aid in connection with certain of our specialized market housing analysis activities or ask us to provide specialized training services as the Department's training capacity becomes further developed.

The Department is in full accord with the objectives of title IV to achieve a more coordinated intergovernmental policy in the administration of Federal urban development programs.

The Department's model cities program has a special pertinence to the objectives of title IV since the very essence of the program is an attempt to bring about the most effective and economical coordination of Federal, State, and local governmental efforts and private efforts to improve model neighborhoods. The program is an experiment in bringing together old programs and new so that they may be focused on the physical and social needs of the area. It involves a multiple funding approach which uses separate established programs; but it also provides supplementary funds to bridge the gaps between existing programs and to permit new and experimental approaches.

In the model cities program, the mayor and his model city agency staff are charged with developing comprehensive, coordinated neighborhood programs and with obtaining widespread participation of neighborhood residents in program planning and execution. For this purpose, Federal programs cannot bypass the city government, and there must be assurance that independent local agencies will not work separately, or at cross purposes with each other. For the model city program to succeed, local activities, though funded from separate sources, must be responsive to an overall strategy for solving the neighborhood's basic problems.

In meeting the challenge presented by the need for comprehensive and coordinated model city activities, local officials have raised hard questions as to the ability and willingness of the Federal Government to respond in a correspondingly coordinated manner. Doubt has been expressed as to the commitment of the Federal Government to change its old and established ways of doing business. They ask whether the Federal Government will provide adequate funds in a timely manner; will provide adequate technical assistance; and whether Federal procedural requirements will be streamlined both in planning and execution stages.

We recognize the problems and share the concerns expressed by local officials. They are very real. We are now actively engaged

with other Federal departments and agencies in making the changes which are necessary to provide a coordinated Federal response.

I would also like to take this opportunity to describe briefly several efforts that the Department currently has underway in support of more coordinated policy and administration of grants for urban development.

The Council of State Governments is currently working on a major HUD research project aimed at strengthening the role of State governments in the administration of federally assisted grant-in-aid programs. The purpose of the project is to provide better links between comprehensive planning and the functional State plans required by many Federal grant programs. Over 80 Federal grant programs currently require the States to prepare a plan as a condition of receipt of aid. The study should lead to more consistent Federal planning requirements and strengthen the role of the Governor in the administration of State programs.

The Department has recently established an interagency committee to examine federally supported State technical assistance programs for helping localities in all aspects of community development. This committee is composed of representatives from OEO, EDA, HEW, Agriculture, Transportation, and Labor. It is assessing the impact of federally supported technical assistance programs on State administrative structure and ways of coordinating the funding, coverage, and administration of these Federal aids. The study will identify specific instances in which improved coordination might enhance the effectiveness of federally supported State-local technical services, propose improvements in interagency review of proposed activities, and help reduce duplication of grant coverage and approval.

Another recent effort by the Department to improve HUD relations with States and localities was the further decentralization of Departmental operations and a reduction in time for processing grant applications. This was done in line with the recommendations of the Joint Administrative Task Force established by the President and chaired by our Assistant Secretary for Administration, Dwight Ink.

In addition, in order to better assist States and localities, we hope to establish a staff in each HUD regional office to coordinate and unify HUD program relationships at the State and local level. They will assist the Regional Administrator in serving as liaison among States and localities on matters involving more than one program or requiring Departmental level participation and coordination. This should contribute to a more coordinated policy and a better mix of programs for improved urban development.

We recognize the desirability of assuring that there be periodic congressional review of new Federal grant programs, as provided for in title V. It is important after a reasonable time to examine grant-in-aid legislation in order to be satisfied that the authority and funding provided is appropriate and adequate to current needs. We endorse, however, the views of the Bureau of the Budget concerning the disadvantages of a fixed 5-year termination date for grant programs as compared with more flexible provision for review.

Title VI of the bill would authorize the President to follow a procedure based on the Reorganization Act of 1949 in proposing the consolidation of grant-in-aid programs. There is undoubtedly a continual need to focus the attention of the Congress and the executive branch on opportunities for combining related grant programs, especially those that are too narrowly defined.

The finest example we have in recent years of consolidating grants to form a more flexible and effective grant program is the Partnership for Health Act. This act consolidated upwards of some 15 small and specific categorical health programs into a single authorization, appropriation and set of requirements. Under it, each State now has maximum discretion in providing health services in the light of its own special needs. It may be instructive, however, that this major reform was accomplished through the conventional legislative route. This route was also followed with the somewhat more limited, but potentially significant consolidation in last year's economic opportunity amendments of a number of federally assisted work and training programs.

We are not certain that title VI as drafted adequately deals with the problem. The language authorizes modifications of grant-in-aid formulas but does not deal with related matters of consolidated grant administration, such as eligibility to receive funds, planning requirements or program coverage. We therefore defer to the Bureau of the Budget on the approach taken in this title.

I am glad to report that earlier this month the Department of Housing and Urban Development took action to consolidate the administration of three of its programs designed to bring about a positive commitment by the States to the urban development problems of communities, and to strengthen the management capability of State and local governments. This reorganization brings the urban information and State technical assistance program and the community development training program under one roof with the long established section 701 planning assistance program. These three closely linked programs of technical assistance, training and planning are now consolidated administratively under our Assistant Secretary for Metropolitan Development. We are already working on a number of steps that will permit us to translate this Federal administrative action into improved and simplified procedures. One of these, as Governor Connally indicated in his testimony for the National Governors Conference and the Council of State Governments, is a single application covering State aids under the three programs.

The provisions of title VII are designed to assure that the Federal Government, in its real property acquisition and disposition procedures, takes account of local land use controls and planning objectives. We are, of course, in basic agreement with this objective.

It is, however, worth noting that from an urban development standpoint, the significance of this title is necessarily dependent upon the quality of the local land use controls and planning. And in connection with disposition activities particularly, the most notable area for inter-governmental cooperation may extend well beyond the minimum standards of this title—and involve, not conformity of land disposition to current local regulations and objectives, but the establishment by the locality of new regulations and objectives that will enable Federal surplus land to be used in new and imaginative ways.

As you may know, the President last year announced a national demonstration program centered upon creation of complete communities or neighborhoods on Federal surplus land in urban areas. This program has now progressed through its preliminary phases, and responsibility for its continuing development is centered in the Department of Housing and Urban Development. Several sites in various areas have been identified, with three, in the District of Columbia, Atlanta and San Antonio already announced. Planning efforts are well under way for future development of areas that will not only enlarge housing choices but include a full range of uses—shopping, education, recreation, and other community facilities and public services for citizens of various income levels.

This program of Federal excess land for critical urban needs depends on securing maximum involvement of private enterprise and also requires cooperation among a number of Federal agencies. A creative and imaginative response on the part of local governments is a third essential—a local response that measures up to the unique opportunity for rapid, high quality and relatively low-cost development which the availability of surplus land may represent in communities where land is scarce in relation to urgent urban needs.

While the demonstration program has so far centered upon relatively large sites, the basic approach and concepts involved can also be applied to smaller tracts. These may be particularly useful, for example, for relocation housing or low- and moderate-income housing. But, again, the local governments must be prepared to seize the opportunity and, if necessary, to adjust their own plans and objectives accordingly.

Thus, while I accept in broad principle the provisions of title VII, I would urge that the resulting legislation or the pertinent committee report specifically state that these provisions are in no way supportive of unduly restrictive land use controls.

Title VIII, which would establish a uniform relocation assistance policy for Federal and federally assisted programs, embraces a philosophy which we have consistently advocated over the years. Although relocation assistance has often been inadequate, we take considerable pride in the role that our housing and urban development programs have played in pioneering the concept of governmental responsibility for families and businesses displaced in the course of carrying out public acquisition programs. From its inception some 19 years ago, the urban renewal program required that there be decent housing available for displaced families, and this was later supplemented with a system of payments to families, individuals, businesses, and nonprofit organizations to cover moving costs and certain other relocation expenses. These requirements were also made applicable to other programs of the Department.

In many ways title VIII is an outgrowth of our experience and recognizes the appropriateness of extending these benefits to other Federal and federally assisted programs. Although HUD programs are covered by such legislation, many other Federal programs are not covered by adequate relocation requirements, and there are substantial differences in the requirements which do exist. It is our belief that legislation such as is contained in title VIII should be enacted as soon as possible, so that those who are required to move from their home or

place of business as a result of a federally financed public activity can be assured that they will be compensated adequately for the expenses and losses incurred as a result of the move. It is of equal importance that they not be forced to move from their homes unless there is adequate provision to assure them of appropriate housing elsewhere. Passage of this legislation is needed to eliminate the serious inequities which prevail today.

In the area of relocation payments, this legislation is an important milestone in the creative Federal approach to urban problems. There are some items of compensation which are new to HUD programs. For example, one is the proposal for payment of expenses in searching for replacement farm property, which the administration would extend to other properties. Another is the proposal to contribute toward the cost of substitute personal property up to an amount measured by the moving expenses that would have been incurred if a business or farm operation had not disposed of personal property. Just as there are items which are new to us, there are features in title VIII which represent departures for other Federal departments and agencies. The complexities of administering a program of relocation payments and services are extensive, and I pledge our full resources and accumulated experience in achieving the uniform and effective administration that is contemplated.

The Deputy Director of the Bureau of the Budget in his recent testimony before the subcommittee provided detailed comments and recommendations concerning the provisions of title VIII. These comments and recommendations were developed in close consultation with interested departments and agencies. My remarks, therefore, will merely serve to underscore and supplement the Budget Bureau testimony.

One of the greatest concerns of the Department has been the very real hardship often suffered by lower income homeowners who are displaced as a result of federally assisted acquisition activities. Frequently, these homeowners, many of whom are elderly or with limited resources, are unable, with the amount that they were paid for their previous home, to buy another home which is of the same approximate size and similarly located with respect to employment, shopping, and transportation. When the value of the home which is taken is inadequate to afford a decent, suitable replacement, the practical consequence of the displacement has been a loss of homeownership. A payment, in such cases, of not to exceed \$5,000 as proposed by the Bureau of the Budget will help fill the gap for many displaced homeowners. We give this proposal our strongest endorsement.

The provision in section 802(b) to give a displaced business the option of receiving an amount equal to its average annual net earnings up to \$5,000 appears to confuse the concept of a fixed relocation payment—designed to simplify the burdens of administration—with the small business displacement payment presently provided in HUD programs. These concepts should be separated in the manner suggested by the Bureau of the Budget—one payment for actual moving expenses and another for economic readjustment.

We fully endorse the objectives of title IX to establish a uniform policy for the land acquisition practices of all Federal and federally assisted programs. The development programs in our Department

have been governed by uniform policies for land acquisition since the enactment of title IV of the Housing Act of 1965 in August of that year. We are pleased to endorse their extension to all of the land acquisition programs of the Government.

Section 905 of the title sets forth the land acquisition policies that State agencies will be required to follow as a condition of Federal financial assistance for the acquisition of real property or the provision of a public improvement. The requirement that an owner of real property be offered a fair and reasonable price before commencement of negotiations was adopted in February of this year for the low-rent public housing program, the title I urban renewal program, and other programs of the Department. We believe that an offer of the full fair value for property to be acquired is necessary to protect the unsophisticated and the poorly informed, who should not be required to contend with unduly hard bargaining by agents for a public body. Indeed, we believe that a policy of offering fair value is necessary to discharge the governmental obligation to see that all owners of real property are treated fairly and impartially before their property is taken for a public use or purpose. While this policy represents a marked departure from past governmental practice, we believe that it represents a necessary reform, and our limited experience to date indicates that it is working well. I should point out that we regard this as a fair-price policy, but not a hard and fast one-price policy, since it is possible to have negotiations as to price, centered upon factors that may have been overlooked by the public body in arriving at what it believes to be a fair and reasonable consideration for the property.

Section 905(b)(2) provides that the State agency will, in determining the amount of compensation for the property, disregard any decrease in the value of real property prior to the date of valuation if the decrease is caused by the public improvement and is not due to physical deterioration within the reasonable control of the owner. We believe that it is generally fair and equitable to ignore any decrease in the value of the property that is caused by the public improvement or the likelihood that the property is to be acquired for the improvement.

We agree with the recommendation of the Bureau of the Budget, that the effective date of the land acquisition practices required under section 905(b) should be deferred to a date 3 years after enactment, in lieu of the January 1, 1970, date contained in the bill. The additional leadtime will not only permit States and municipalities sufficient time to make changes in their laws, but also to determine whether to apply these policies to other land acquisition programs and to make the necessary adjustments in present procedures and practices so that the new system will work well from the time it is initiated. As recommended by the Bureau of the Budget, the effective date of section 906, which repeals the present HUD land acquisition policies, should be similarly postponed.

I would also like to mention an expense item which is presently compensable under our programs but which is not covered under this legislative proposal. The part of the title that deals with federally assisted programs contains no provision, such as is found in section 904 in the case of Federal programs to cover expenditures incidental to the transfer of property to the acquiring agency. These would include record-

ing fees, mortgage prepayment penalties, and similar expenses. We believe it would be appropriate to extend this coverage to federally assisted programs.

In conclusion, Mr. Chairman, I want to state that the Department of Housing and Urban Development believes that the objectives of the Intergovernmental Cooperation Act are most meritorious. Enactment of this legislation will make a positive contribution in the effort to coordinate Federal assistance with State and local programs and goals. I especially want to stress the importance of its early enactment.

Senator MUSKIE. Thank you very much, Mr. Secretary for your excellent statement.

With respect to the relocation title, last week, in testimony which we received and to which I have already referred this morning, a number of suggestions were made. I think it would be helpful to the committee if we can get the comments of your Department upon those suggestions. I will ask the staff to give the appropriate people an opportunity to review that testimony. I think we ought to be sympathetic and responsive to the recommendations.

Secretary WEAVER. Let me say, Mr. Chairman, that my own feeling, and I have attempted to express it not only in words but in deeds, since in most instances, it happens to be the poor and the disadvantaged that are the most subject to displacement and relocation, often for improvements which benefit other elements in the population, that this displacement should extract the minimum psychological and economic costs from the people who are inconvenienced and sometimes incapacitated to restore themselves to their former states. This is the philosophy that I have.

Senator MUSKIE. I think there is another very practical political consideration to be served here. These people are here to present their problems and their grievances. This is legislation we have been considering for 2 or 3 years. So here is an opportunity for us to respond in a constructive way that is the product of long deliberation. I think we ought to welcome that opportunity.

Let's turn to the suggestion on page 14 of your testimony about the land acquisition provisions of this bill. By deferring for 3 years for persons who might be treated inequitably by the adoption of a policy in which we assured greater equity for those persons after 3 years, are we creating second-class citizenship for those who fall in the 3-year period?

Secretary WEAVER. This recommendation is really a technical one given me by Counsel in the light of difficulties in changing State constitutions and getting State action. The reason for this is purely pragmatic, based on the fact that sometimes the legislatures do not meet every year, sometimes the process of constitutional changes is time consuming. This is the only reason it has been proposed.

Senator MUSKIE. So is that recommendation really keyed to the Bureau of the Budget's recommendation that the costs of these programs be shared?

Secretary WEAVER. No; I do not think this has anything to do with that.

Senator MUSKIE. I am sorry, I was thinking of the other one.

Secretary WEAVER. That is the other; yes.

Senator MUSKIE. I guess we have not focused on this recommendation enough to ask any intelligent questions. We will look at the recommendation more carefully and submit any questions we may have as a result of that to you.

You have referred to the fact in your testimony covering the model cities program that HUD and other agencies are undertaking to coordinate requirements and procedures. Now, our understanding is that the cities are having trouble in coordinating their activities, because the Federal agencies are not working together as they should. I know I got this complaint in Connecticut the other day, from someone in the audience. Although my speech was not on this subject, the point was brought up that the model cities program is not really leaving initiative to the local community and that Federal agencies were making it difficult to achieve coordination at the local level and to exercise initiative. I wondered, Mr. Secretary, if you could tell us specifically what HUD is doing to coordinate Federal programs and to deal with difficulties that the cities say they are encountering in this connection.

Secretary WEAVER. I think that probably Assistant Secretary Taylor, under whose jurisdiction the administration of model cities would be, could give a more detailed statement than I could.

Senator MUSKIE. It might be very helpful in connection with the present business on the floor.

Mr. TAYLOR. Senator, we were aware of this problem and this danger from the beginning. We recognized at the time we started this program that there would be an urgent need for the Federal agencies to deliver a coordinated response to the coordinated planning and problem identification that we were requiring of the cities.

We have been working on this at several levels.

First of all, we are operating the model cities program as a Federal agency—an interagency program—with teams of Federal regional people reviewing applications, visiting the communities, working together with the cities.

We are convinced, both from our experience and the experience of the cities, that this is not enough. We are now engaged largely at the Washington level although recently we have moved it through the interagency process to the regional level for recommendations as to how it is to be done in a process which we think will answer the real problems that the cities are identifying. We are asking the Federal agencies to provide a different kind of technical assistance and develop a new relationship, not only with the city governments, but with the model city structures, including the citizen structures, so as to help the communities identify the range of possibilities that the Federal programs offer.

To make their planning meaningful and significant, we are asking the Federal agencies to earmark or allocate funds so that as objectives are identified, we can say to the cities in the interagency process, yes, there is money available for this or, no, you had better wait a year on that. We do not want to encourage planning to which we are not capable of responding, for fiscal or other reasons.

This new approach on technical assistance, backed by earmarking and allocations, is a different way of operating than Federal programs historically have. Since close to a hundred Federal programs operate through State funding mechanisms, we are asking the States to partic-

ipate in what will be a Federal-State resource team effort with local government. We have the support of the executive branch in this effort. We are discussing it with the other Federal agencies, as the Secretary indicates in the testimony. We believe we can make it work. We know that we have to make it work or the program will not succeed.

Senator MUSKIE. Is it your guess that the criticism that the cities are not really allowed to exercise their initiative has resulted from rigidities built into established programs and leading to the Federal-State joint funding situation?

Mr. TAYLOR. I am surprised at that comment coming out of Connecticut, sir, knowing the state of planning at this time.

Senator MUSKIE. This was in the Hartford area.

Mr. TAYLOR. They have other problems up there. I do not believe that it is the result of program rigidity. I believe that it primarily results from the desire of some of the cities to move forward immediately with program impact, rather than responsive to what we believe is the major objective of this program, to take a hard look at basic causes and make sure that the projects fit into a strategy. There is that dichotomy locally.

But we recognize that the Federal programs will have to be flexible. We strongly support the consolidation efforts and the other elements in your proposed bill, because it will encourage flexibility, it will encourage the maximum local ability to use, as you described in your comments, the block grant approach to programs and problems. We think we have to move in that direction.

I do not believe that there has been the kind of rigidity of which they complained in Connecticut, but I also do not believe that there has been the kind of positive help, information, willingness to be flexible, backed by earmarking, that the program will need.

Senator MUSKIE. May I point to something else that may be involved and a problem that perhaps you might not even be aware of. I think there is a tendency—it is human nature more than anything else—on the part of some public officials to assume that the Government knows better and that the quality of efficiency in programing on the local level may be inadequate. As a result they may have a tendency to assert themselves a little more strongly because of this into the planning process or the policymaking process in a way that suggests to the American people that there is a Federal domination.

To what extent have you been able to observe this? Is that the effect?

Mr. TAYLOR. I agree with your comment that it is endemic to the system. It does exist. Wherever we see it, we try to knock it down. I am exerting as much strong administrative direction on the side of insisting that they recognize the local nature of the planning process as I possibly can. But communication from Washington down to the region to the man who is visiting the city is often less than perfect. We have tried and we will continue to try, Senator.

Senator MUSKIE. I think there is a vote.

Secretary WEAVER. We would be very happy for you to go to vote, sir.

Senator MUSKIE. We will take a brief recess.

(Recess.)

Senator MUSKIE. Mr. Taylor, did you have any additional statement to present to the committee?

Mr. TAYLOR. No.

Senator MUSKIE. The Budget Bureau recommended that the bill be amended to provide that relocation payments should be shared in accordance with the project formula. I do not know whether I should invite you to take issue with the Bureau of the Budget or not. I am going to create the opportunity.

I think it is a very difficult problem that the Bureau presents here, especially after the testimony of last week. I am very fearful that if we wait for the States to react to that kind of provision in the legislation, there simply will be no relocation programs in the States. How do you react?

Secretary WEAVER. I think I would have to look at this in two ways:

First, rather parochially, for those programs for which I have responsibility where we now have relocation payments, which are the most liberal of those in any other programs in the Federal Government, and where payments are now made 100 percent out of Federal funds—I am told that this was done at the beginning because of constitutional and legal considerations, because it was felt at that time that there might be some impediments of an institutional nature for some of the States to make adequate contributions to these payments. I would certainly feel that unless I were satisfied, and I am not now satisfied, that within this period of transition there were an assurance that payments through this new formula would be made equal to what they now are I would be opposed to the new formula as a person and I would certainly so indicate if I were asked by the Bureau of the Budget. I speak now as an individual, but I think this problem is so pressing and so important that the danger of cutting payments off or of reducing them in this particular period would be tragic. And I could not in good conscience propose that.

Now, we have another problem. That is with the new programs and here, I think you have a different situation. It would probably be appropriate to experiment with the new and see what could be done in this period, because you are not taking anything away; you are giving more anyhow. If it were successful there, then you could adapt our programs to the success in the new approach.

Senator MUSKIE. Well, my reaction to that would be that especially in the highway field, you simply do not have too many States with a favorable power structure, if that is the way to describe it, in those programs. In my State, the highway program is run and served by people who are interested in drawing straight lines with their roads. Of course, in a State like Maine, you can do that with minimum risk of displacing people.

I recall one such straight line that went through a cemetery. Well, that displaced a few people, but I guess they did not care.

But I found no sympathy at all in the highway program with these kinds of problems when I was Governor. Not that they are insensitive to people or not human like anyone else, but this is simply an area to which they have not been exposed, about which they have not been concerned, and with which they have not dealt programwise. The highway programs are creating many of these problems. To expect them to respond is a little unrealistic, especially when you take into account the fact that highways are pretty much built by earmarked funds and those funds are protected jealously by the constituents in these State capitals. To suggest diverting those funds to these social

purposes I think is going to create a little difficulty in many State capitals. That is simply my own viewpoint and it may or may not be shared by members of this committee. But it was to avoid those difficulties, which are not necessarily constitutional or statutory, but human, that we suggested 100 percent Federal funding of those relocation programs. That puts my view on the record.

Did you want to add anything?

Secretary WEAVER. I think my answer is more or less suggested by my earlier remarks. That is I know the 100-percent Federal funding does work. I do not know whether the other will or will not work. Therefore, in the programs for which I am responsible, I would want to keep the 100 percent until the other had been proven to my satisfaction.

Senator MUSKIE. You have gone about as far as I could realistically expect you to go this morning.

I have one other question, but it could be on another subject, and I suggest this might be the point to invite Senator Hansen to ask any questions, either on the relocation amendments or any other portion of the bill. Then we will get back to this.

Senator HANSEN. Thank you, Mr. Chairman.

I am prompted on the spur of the moment to ask a question of you, Mr. Secretary, which is just the converse, I think, of that proposed by the distinguished chairman. In Wyoming, we have relatively little dislocation of people with the construction of new highways because, as most everyone knows, we have a very low population density out there.

But we have this situation. There have emerged and developed along the older roads in Wyoming a number of small businesses.

With the impact that the interstate program has and the review that is afforded Federal administrators on road locations, we have had a number of instances where little towns have been completely bypassed. Obviously, this is the reverse working of relocation in that all the business has just dried up and left the area and a lot of people, for all practical purposes, no longer have any customers.

Would you care to make any observations on how your Department might possibly be interested in the impact that this sort of program has on our problem in Wyoming?

Secretary WEAVER. I must say that our concern to date has been with the reverse side of the coin.

Senator HANSEN. I appreciate that.

Secretary WEAVER. It has been where the highways have rather helter-skelter gone through and dissected and disrupted larger than urban centers.

Senator MUSKIE. May I interject at that point, Mr. Secretary, and add another, I think, kind of situation in the general category of problems that Senator Hansen suggested.

Last week's testimony suggested that in many instances, highways cutting through urban areas do cut off small businesses from their former markets and without actually being displaced themselves, these businesses in a sense have been removed and are not eligible for compensation. So I think even in urban areas, you have problems like this one.

Secretary WEAVER. What we have attempted to do in our own programs with any activity that we have is to make certain compensations. I had the very difficult problem some years ago of what we call the Ma and Pa business; you know, the old couple, may be the candy store. Maybe they only make a couple of thousand dollars a year, maybe they do not make that much. But they cannot pay \$5 more rent and they cannot be relocated; they are indigenous to that neighborhood. It presents a tremendous problem, because how do you evaluate what they are worth? They are not worth anything any place else; they are not worth too much where they are. What we did was try to steal something from the labor movement with a dismissal wage, you know, and we had a sort of dismissal cash payment to them. It was from that that evolved this \$5,000 we are talking about for people who are displaced with homeownership.

I think that it is that type of thing that we have to develop, each situation requiring a different type of tool to minimize injustice because there is the other side of the picture. That is that you just cannot look at this as an inexhaustible fund which can just be spent without any regard to the economic factors in it. While you have to be concerned with the human, you also have to have some type of administratively feasible approach. This is what we did in that particular instance.

Senator MUSKIE. May I ask this?

Are those cases of actual physical displacement or do they fall in the category which Senator Hansen suggested?

Secretary WEAVER. No, these are people who are put out of business because of urban renewal or because of HUD housing.

Senator MUSKIE. Their property is actually physically taken?

Secretary WEAVER. Well, the property usually is not their's, but the property which they lease or rent is actually physically taken. It is not bypassed.

When you get to the problem of bypass, I must say I thought my problems were difficult enough, but I find this one is even more difficult than anything I have dealt with. It has been impossible, even dealing with these I have been familiar with, to give answers off the top of my head. I certainly do not know the answer to this one.

Senator MUSKIE. Have you had a situation in urban renewal projects like the one cutting off the business from the highway; that business is not taken, not subject, not eligible, but located near the slum housing and the substandard residential areas which are taken. What do you do with that kind of thing?

Secretary WEAVER. The classic example of that is a store, let us say in New York City, which I know fairly well, which specializes in Puerto Rican foods and specializes, particularly in a market that is practically a 100 percent Puerto Rican market. You have an area there torn out by an improvement and the Puerto Rican population is materially reduced. That store has a problem and there are no provisions that I know anywhere in any law that meets that problem. I suppose the answer to that is that there is a point where anybody who is in business has to take certain risks and they are risks of changes which come. The question is first in dealing with those risks that are definitely and directly identifiable before you get to the fringe ones.

I do not think we have the direct ones handled properly yet, and I think we ought to concentrate on the direct ones, first, and then go, if we want to, to the fringe ones afterwards.

Senator HANSEN. Thank you, Mr. Chairman. I know you have another question or two, but perhaps I should go ahead.

Senator MUSKIE. Go ahead. Mine is on a different subject.

Senator HANSEN. I think there has been some testimony indicating that there is concern, reasonable concern among people who see your Department going in with an urban renewal project and running the risk of the Department of Transportation deciding at a later date that it needs a road right through the section where you have built some new homes.

What sort of liaison or cooperation is there between your Department and the Department of Transportation to obviate this sort of possibility?

Secretary WEAVER. We are now in the process of drawing up a detailed memorandum of understanding between DOT and HUD which will delineate very, very carefully what our responsibilities are in planning and how those responsibilities will be coordinated with their activities. I think that out of this will come an effective tool to prevent this sort of situation. I say that because I know that Secretary Boyd is as concerned about that as you or I. We have talked about it at great length, and I believe we are going to be able to work out machinery which will get the two departments in a structure which will minimize, if not completely avoid, that type of thing.

Mr. TAYLOR. We have identified highway plans in 22 of the 75 Senator MUSKIE. Yes.

Mr. TAYLOR. We have identified highway plans and 22 of the 75 model neighborhoods. Mr. Bridwell, the Commissioner of the Bureau of Public Roads, and I and our staffs are working together, not only to avoid the kind of problem covered by the Secretary, but also in other specific kinds of things.

For example, in North Nashville, we expressed to Mr. Bridwell the concern of the model neighborhood structure, the citizens participation structure, as to the impact of a highway on North Nashville. This was a highway where the property was acquired before the model neighborhood was designated. But the final planning for the construction was still a little open, and he more than doubled the number of access points between the halves of the neighborhood so that the road did not have the impact of being as cruel a barrier as it was originally proposed.

I think by working together, we can soften the point of view of the engineers and bring to bear HUD's concern with the social, the economic, and the people factors.

Senator HANSEN. I have one further question that I think is perhaps associated with the other two.

What is done when an urban renewal project is undertaken and a substantial amount of substandard housing is to be torn down and razed? What does your Department do to see that those persons whose dwellings are to be removed find adequate or at least temporary housing until the new housing that will be brought into being becomes available?

Secretary WEAVER. We have in the statute and in our regulations now in practice a relocation policy and program. I think we are somewhat unique in this, in that we first require, as soon as that project gets into planning—and this is a new requirement—that there be established a center whereby the people who are going to be displaced are informed first of what their rights are under the law—and the law requires that they have access to safe, decent, and sanitary housing; secondly, that this center will give them assistance in finding such housing.

Then we require that the city come up first with a plan for relocation and secondly, we check on the performance of this—not as minutely as we would like, but within the limitation of what personnel we have. If there are complaints either by individuals, by community groups, or others, we then move into the city and work with the local people in order to correct the problems. In instances, I have actually stopped the carrying out of projects because the relocation was inadequate.

But we do have these requirements and we are enforcing them, I think, to a much higher degree than before. I would say that certainly eight out of 10 of the people who are displaced by urban renewal do move into safe, decent, and sanitary housing and we know where they are.

Now, there are a certain number who move out before we can get to them. That number is being reduced. Those we do not know, but we do go back and try to find them. Often, these are people who do not have local roots, and it is awfully hard to find them once they have gotten away. But this is what we do.

Senator HANSEN. What is the situation with regard to rights-of-way for highway building? Does the Department of Transportation evidence a like concern and interest in adequate, suitable housing for those persons who will be displaced by the highway construction program?

Secretary WEAVER. Well, let me say that Secretary Boyd, I think, certainly this is his concern. However, his legislation is not as effective as is our legislation.

As I understand the situation, and the Deputy General Counsel will have to check me, the highway law does not require relocation. It simply says that Federal funds can be used for relocation. So this leaves it up to the States to determine whether or not and to what degree it is going to be done. This is not uniform, nor are their provisions as high as ours. But more important, it is not uniform and it is left up to a group which sometimes is more concerned with getting from here to there than what happens in the process.

Senator HANSEN. Thank you.

Senator MUSKIE. I have a number of questions which we would like to submit. Several could lead to extended discussion, but I am afraid we just do not have the time, so I shall submit them.

I shall confine myself to one final question. I see you have John Frantz with you. I would like to have him testify on one point. This is the proposal by the administration to provide authority to the Federal departments and agencies to enter into agreements among themselves for the joint handling of various Federal aids related to a single local project. In a letter of March 27 to the chairman of the full

committee, you endorsed the bill, saying that it would encourage needed cooperation in program development at the State and local level and help improve coordination among Federal programs and make them more responsive to State and local needs and assist in eliminating unnecessary administrative burdens and paperwork. Your department has many programs in which the techniques and procedures set out in this bill might be applicable. I wonder if you could give us some examples of the way in which specifically this bill, if enacted, would help achieve the objectives you have noted. I would like, if possible, for you to relate your answer to the model cities program and the neighborhood center program.

Mr. FRANTZ. Yes, sir.

Senator, as I think we tried to indicate in our reply, the Department has been working administratively to attempt to achieve results that are along the lines of the proposed bill. The model cities program is perhaps the most directly in-point case, because a model cities project may involve undertakings in which a considerable number of Federal departments and agencies may have an interest, either direct or indirect, and may have funds involved, either in large or small amounts, in an undertaking which the model cities law contemplates should be packaged and should be related to a planned set of local objectives. That requires the kinds of work between the departments, both at the Federal level and at the regional level, and ultimately at the city level, that Assistant Secretary Taylor was describing.

Now, in connection with the neighborhood facilities program HUD is primarily concerned in making grants for a physical structure to be located in the neighborhood. But of course, the purpose of the structure is to serve the people of the neighborhood, and in terms of size and in terms of physical design and in terms of location, it has to be considered in terms of the social service programs which are supported by other departments and agencies. So, again it has the aspects of being a joint venture.

Now, I think that we have achieved a moderate degree of success in working both at the local level and at the Federal level in developing cooperative relationships for timing funding, for timing contractual relationships, for working out, let us say, a joint audit program so that there is a single audit made rather than a whole series of disconnected audits. And this, as I say, can be done to a degree administratively.

We do feel that the enactment of this legislation would show a congressional interest and a congressional sanction which would provide both a push at the Government level and an invitation at the local level, to work along these lines and to develop systems that would be easier for both them and us.

Senator MUSKIE. Really, this bill, like some provisions in S. 698, is aiming at the block grant idea eventually.

Mr. FRANTZ. It moves in that direction, certainly, yes, sir, although the provisions of the bill, as you know—

Senator MUSKIE. Would not carry you that far.

Mr. FRANTZ. They do not carry it that far, that is right. They retain a capability to track the dollars back to a categorical grant purpose in the originating legislation.

Senator MUSKIE. Thank you very much.

Senator Hansen may have some questions to submit which he would like you to answer.

We are pushing a little bit, because time is running out, Mr. Secretary. You know your appearance here always stimulates a lot of thoughts and questions which we would like to discuss, but we have to cut off at some point.

Thank you.

Secretary WEAVER. Thank you, Mr. Chairman.

(The material previously referred to follows:)

RESPONSE TO QUESTIONS SUBMITTED BY SUBCOMMITTEE ON INTERGOVERNMENTAL
RELATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS OF THE U.S. SENATE
ON S. 698

I. RELOCATION ASSISTANCE IN PLANNING STAGE OF PROJECT

Present law and the provisions of S. 698 provide for relocation payments and assistance beginning only when an agreement has been reached between either Federal Government and the locality to proceed with a project. As far as I know, no assistance is available during the planning stages that precede such as agreement. Yet this is the period when displacement begins under the threat of compulsory removal when the project is actually undertaken.

In urban renewal, for example, survey and planning may continue for many months in an area that has been designated for eventual renewal. During this period, property values decline, business concerns lose patronage, tenants drift away, and living conditions deteriorate.

Questions

(1) Can you suggest ways in which the problems of residents and business firms in such an area could be eased during the period before relocation assistance becomes obligatory under existing law or this proposed new legislation?

Under the provisions of S. 698 and existing HUD programs, relocation payments and relocation assistance is provided to those who are displaced as a result of the acquisition or reasonable expectation of acquisition of real property by a State agency in connection with a federally assisted project. There are two elements which have to be present—there must be an acquisition or reasonable expectation of acquisition of real property by the agency, and there must be a federally assisted project. Under the urban renewal program, for example, relocation payments may be made with respect to a person who moves from the site on or after the date of execution of the Federal loan and grant contract or the date of HUD concurrence in the commencement of project execution activity if that occurs earlier. Thus, relocation payments can be made as soon as there is Federal approval to proceed with acquisition in the urban renewal project.

This Department is aware of the problems concerning residents and businesses located in proposed urban renewal areas. We have attempted to ease the situation by encouraging local public agencies to establish information and counseling programs as early as possible during the survey and planning stage. If residents and businesses are made aware of all the pertinent facts—that the urban renewal project is still in the proposal stage, that they will be eligible for relocation payments and assistance if the project is approved by the Federal Government, and that they will not be required to move for many months or several years—the problem of premature moves from the site and the resultant loss in income of property owners and businesses can be eased considerably.

The problems faced by residents and businesses during the planning phase would be substantially alleviated under the "Neighborhood Development Program" concept contained in section 501 of the proposed Housing and Urban Development Act of 1968, S. 3497, recently passed by the Senate. A Neighborhood Development Program would consist of urban renewal project undertakings and activities in one or more urban renewal areas that are planned and carried out on the basis of annual increments. A key element of the Program is its focus on the staging and timing of activities in order to achieve systematic accomplishments. Under this system, there need to be no real lag between the decision that an area is in serious physical condition and the beginning of actual activities to correct these conditions. Under this approach, detailed planning and scheduling would proceed along with actual development in the urban renewal area.

(2) For example, would it help to require that a continuous relocation assistance service be established as a part of the official plan of action of the community, as part of its Workable Program, to have responsibility for aiding persons displaced by any project financed, in whole or in part, by public funds?

The Workable Program, which is a prerequisite for such HUD programs as urban renewal and public housing, now requires that communities have an adequate program for the relocation of families displaced by governmental action of all types. Our program guides stress the desirability of establishing a city-wide relocation agency with full responsibility for planning and implementing the relocation program in the community, particularly where a large volume of displacement by various projects and activities is involved. The extension of relocation payments and assistance to other Federal programs contemplated under S. 698, would substantially increase the capability of communities to establish such city-wide relocation assistance programs on a continuing basis.

Although we recognize the benefits which many communities would derive from the establishment of a continuous relocation assistance service, we do not believe that this should be made a mandatory requirement for all communities. In many communities the scope of governmental displacements would not warrant service on a continuous basis. Moreover, we do not think that the Workable Program is the appropriate vehicle for implementing such a requirement, since it is only a prerequisite for certain HUD-assisted programs and is not required in the case of other federally assisted programs. If it is desired to require services on a continuous basis, we believe this could be handled more appropriately in connection with the rules and regulations which are to be issued by the President.

(3) Could not such a relocation service be the means of concentrating available social services on the needs of the families and individuals of the area who face dislocation as a result of an impending public project?

Such a relocation service would facilitate the concentration of available social services on the needs of displaced families and individuals. It should be noted, in this connection, that policies developed under the urban renewal program require that those displaced be referred to appropriate public and private voluntary agencies equipped to provide services and counseling on matters of health, employment, training, and similar problems. In addition, local public agencies are encouraged to make site office space available to these agencies, to assist in coordinating the services, and to make the services and counseling conveniently available to the persons affected. Our Workable Program guides encourage communities to establish referral services as an integral part of their relocation assistance programs.

II. TEMPORARY RELOCATION HOUSING

It is provided in Sec. 105(c) of the Housing Act of 1949 that to obtain Federal assistance for urban renewal, a local public agency must agree to provide "a feasible method for the temporary relocation of families and individuals displaced from the property acquired."

Questions

(1) What has been your Department's experience with this provision?

Since enactment of the Housing Act of 1949, local public agencies have been required to provide a program for the *permanent* relocation of families and individuals displaced from the property acquired. It has been the policy of the Department to discourage the use of temporary relocation housing except for the following circumstances: to assure that families and individuals are not required to remain in structures which inadequately protect health and safety; to permit project activities to proceed before permanent relocation housing is available; and to provide housing on a temporary basis while permanent relocation housing is being constructed in a project area.

(2) To what extent do local public agencies provide temporary housing? See our response to question #1 above.

(3) What kinds of housing are made use of for this purpose?

Most temporary relocation housing has consisted of units in the urban renewal project areas which have been vacated. Available vacant units may be occupied on a temporary basis until demolition or rehabilitation is undertaken. In such case local public agencies are required to maintain plumbing, heating, and electrical systems in safe operating condition, and to make such repairs as are needed to make the units habitable during the period of

temporary occupancy. As noted in the question which follows, the Department recently issued new policies and procedures under which local agencies may purchase or lease mobile homes for the temporary relocation of displaced.

(4) I note that only last month your Department announced a new policy permitting the use of mobile homes as temporary housing facilities. Have mobile homes not been used for this purpose prior to this time?

The Department had not heretofore authorized the use of mobile homes for temporary relocation, although they have been used for this purpose in connection with disasters.

(5) Would use of this kind of temporary housing making more feasible the relocation in one urban renewal area of the same families that were displaced from that area?

The use of mobile homes as temporary relocation housing would facilitate relocation in an urban renewal area of the same families that were displaced from that area. This is one of the principal reasons for issuing the new policy. The use of mobile homes permits families to remain on or near the site while housing for their permanent use is being constructed or rehabilitated.

III. PRIOR AVAILABILITY OF RELOCATION HOUSING

In 1965 the Housing Act of 1949 was amended by the following addition to Sec. 105(c) :

"Sec. 105(c) (2). As a condition to further assistance after the enactment of this paragraph with respect to each urban renewal project involving the displacement of individuals and families, the Administrator shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection *are available for the relocation of each such individual or family.*"

Questions

(1) What has been the effect of this new provision?

We require local public agencies to re-examine their available relocation resources as they approach the beginning of actual displacement. Accordingly, not more than 60 days prior to the estimated date of the commencement of actual displacement of a substantial number of individuals and families, the local agency must provide assurance that the information on relocation housing submitted to HUD at the time of loan and grant contract is still valid. This is important because significant changes can occur during the period which may have elapsed between loan and grant contract and commencement of actual displacement.

(2) Does it offer assurance that suitable relocation housing will in fact be made available to each displaced individual or family?

HUD policies have always provided that families in urban renewal areas not be required to move, except on a temporary basis, unless they are given an opportunity to obtain adequate housing within their financial means. This new provision reinforced this policy by requiring the local public agency to re-evaluate the availability of relocation housing shortly before displacement is to occur.

(3) Has it resulted in an improvement in performance by local public agencies in carrying out their relocation responsibilities?

The requirement in section 105(c) (2) together with more stringent HUD controls has, in our view, resulted in an improvement in the performance of local public agencies in carrying out their relocation responsibilities.

(4) How do you check local agency performance to see that these assurances are actually carried out?

Within the limits of available staff, Regional Office personnel visit localities having active programs that will involve displacement and relocation. Any complaints or other indication that a local public agency is not carrying out its relocation responsibilities are promptly investigated and remedial action is required where appropriate. Our review of reports on relocation activities also enables us to monitor local agency performance.

IV. SHORTAGE OF RELOCATION HOUSING

The Advisory Commission on Intergovernmental Relations, in its study of the relocation problem, said that the difficulty most frequently encountered was "lack of adequate supply of standard housing, particularly for large, low-income, and nonwhite families." The testimony taken by this Subcommittee would cer-

cainly bear this out. No matter how carefully we write the requirements that suitable housing be provided for displaced families and individuals, our relocation efforts will fail unless the necessary housing actually exists in the areas where it is needed.

Your Department has responsibility for a number of different programs designed to increase the supply of housing available to low and moderate income families.

Questions

(1) What provisions are there in existing housing law or in the regulations of your Department to help assure that the housing produced by these programs is made available on a priority basis to displaced persons?

There are a number of provisions in existing housing law to help assure that housing is made available to displaced persons. In the case of the low-rent public housing program, local authorities are required to give full consideration to their responsibility for the rehousing of displaced families. Special eligibility requirements are applicable to displaced families and individuals, and the law authorizes payment of an additional operating subsidy of up to \$120 per year with respect to public housing units occupied by displacees. The leased housing and turnkey programs which can provide housing more quickly, are new techniques which enable the public housing program to be more responsive to relocation needs. Individuals and families displaced by governmental action are also eligible for rent supplement housing. The FHA mortgage insurance programs under section 221 of the National Housing Act, although now available for other families, were designed to meet the needs of displaced families and priority of occupancy is always accorded to displacees.

(2) Is there coordination between HUD's housing programs and these Federal programs which involve land acquisition, for the purpose of providing the additional supply of relocation housing that is needed in a given area for displaced families and individuals?

The Workable Program requirement provides a basis for achieving coordination between HUD's housing programs and Federal programs which involve land acquisition. Any locality which seeks certification or recertification of its Workable Program must present evidence of the availability of suitable housing to meet the needs of those to be displaced by all governmental action in the community. In many instances, Workable Program certification or recertification has been withheld until a locality has initiated action to plan the development of required relocation housing. In such cases, HUD cooperates in every way possible with the locality in achieving the requisite coordination with HUD housing assistance programs.

It should also be noted that, pursuant to section 105(c) (1) of the Housing Act of 1949, local public agency relocation assistance programs must assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program.

Enactment of S. 698, and the extension of relocation assistance requirements to other Federal programs, should result in improved coordination at both the Federal and local levels.

V. PAYMENT FOR DIRECT LOSSES FROM DISPLACEMENT

The Housing Act of 1949 now provides for payments to cover not only "reasonable and necessary moving expenses" but also "any actual direct losses of property except goodwill or profit."

S. 698 provides for "fair and reasonable relocation payments," but does not specifically refer to direct losses.

Questions

(1) Judging by your experience in urban renewal, how significant is this omission?

In the urban renewal program, compensation is presently provided for actual loss in the value of property (exclusive of goods or inventory) sustained by reason of the disposition or abandonment of the property resulting from the displacement. Under section 805(a) (2) (B) of S. 698, the President's rules and regulations for "fair and reasonable relocation payments" are to provide for reimbursement where a business concern disposes of personal property and replaces property at the new location. We believe that this provision, as modified

by the Bureau of the Budget proposal, would provide an adequate substitute in most cases for the present payment for actual direct losses of property. It should be noted in this connection, that we are advised by the Bureau of the Budget that it is their understanding that such compensation could also be made available to the business concern which disposes of personal property, but which closes its doors and does not move to new location. This would be under the general authority given the President under section 805 to issue regulations spelling out the types of losses for which compensation would be provided.

(2) Have payments for direct losses proved to be a significant part of total payments made?

Any comments you care to make on this would be appreciated.

Out of some 51,300 relocation payments made to business concerns under the urban renewal program as of December 31, 1967, approximately 19,700 involved payments for property loss. Of this number, 12,880 were for property loss, alone and 6,298 involved moving expenses and property loss. Thus, relocation payments for property loss were involved in somewhat more than one-third of the number of relocation payments made. The dollar amount of relocation payments for property loss was approximately \$29 million, reflecting some 40 percent of the total relocation payments to business concerns (exclusive of the Small Business Displacement Payment) totalling \$72.2 million.

VI. PAYMENTS ABOVE FAIR MARKET VALUE FOR OWNER OCCUPANTS

The Bureau of the Budget has suggested that the owner of real property taken under a Federal or federally assisted program who purchases another home within a year be paid an amount of up to \$5,000 which when added to the acquisition payment, equals the average price for a standard dwelling adequate to accommodate the displaced owner. This proposal has been supported by the testimony of other witnesses, including the National Association of Housing and Redevelopment Officials.

Questions

(1) Do you feel this to be a desirable addition to the relocation benefits available under the Act?

The Department's testimony before the subcommittee, strongly endorsed the proposal for a payment of up to \$5,000 for lower income displaced homeowners. The Department believes that this is a needed addition to the relocation benefit now proposed in S. 698. When the value of the home which is taken is adequate to afford a decent, suitable replacement, the practical consequence of the displacement has been the loss of homeownership.

(2) Do you feel that the \$5,000 limitation is adequate in the light of present day costs in the housing market?

Although we have had no experience in administering a payment of this kind we believe that the \$5,000 limitation should be adequate.

VII. CITIZEN PARTICIPATION

A number of witnesses have testified on the need for a greater degree of participation by area residents in the planning of renewal or development projects. The are particularly concerned that the families and citizens that will eventually be displaced by the project will have a full opportunity to express their views before final decisions are reached.

I am aware that in the case of some of your programs, the Workable Program must provide for citizen participation. How far does this go in accomplishing the kind of full citizen participation we are talking about?

I note that in the case of Camden, New Jersey, when disputes arose in the community over the inadequacy of relocation provisions for urban renewal and highway projects, your Department obtained agreement by the local authorities that there would be established a relocation review board to hear complaints from citizens and refer them to appropriate agencies for action. Should not such a review board be required in all programs where people are to be displaced by federally assisted public projects?

The Citizens Advisory Committee required under the Workable Program provides a city-wide forum for citizen participation in the community's efforts to eliminate slums and blight and to prevent further deterioration. The degree of participation by citizen groups with respect to particular aspects of the program varies as between localities. HUD policies encourage communities to establish

range of special subcommittees to assure maximum citizen participation in certain key areas. A subcommittee on minority group housing is generally required as part of the citizen participation program, to study and recommend ways and means to secure better housing for all minority and ethnic groups. Some cities, where a significant amount of displacement is expected to occur have established a subcommittee on relocation housing, for the purpose of working with local officials responsible for rehousing displaced families. Other cities have established special citizen groups to participate in comprehensive community planning activities, to work with urban renewal and public housing officials, to work with local officials in developing long-term capital improvement programs, or to assist in setting up programs of neighborhood participation in areas where action is needed for blight prevention.

It should be recognized that Citizen Advisory Committees and special subcommittees established pursuant to the Workable Program do not always provide adequate representation to the residents of project areas whose lives are most immediately affected by the urban renewal process. As a result, the Department is now exploring a more appropriate method of involving those persons directly affected by the relocation process. This is part of a larger effort the Department is now making to involve citizens more directly in the renewal process.

In view of the foregoing, we think it would be premature to comment on the question of whether a relocation review board, such as the one established in Camden, New Jersey, should be required for all federally assisted programs.

Senator MUSKIE. I think we have time for one more witness. I understand from the staff that Mr. Stalling will be able to come back tomorrow. Therefore, we will conclude this morning with Mr. William L. Taylor, staff director of the U.S. Commission on Civil Rights. If this gets too prolonged, we may have to put him over until tomorrow, but I think we have until 12:30 to meet, if that will be sufficient time.

TESTIMONY OF WILLIAM L. TAYLOR, STAFF DIRECTOR, U.S. COMMISSION ON CIVIL RIGHTS; ACCOMPANIED BY MARTIN E. SLOANE, SPECIAL ASSISTANT TO THE STAFF DIRECTOR

Mr. TAYLOR. Thank you, Mr. Chairman.

Senator MUSKIE. We shall be delighted to have you come back another time if you cannot finish today. I do not want to cut you short.

Mr. TAYLOR. I shall be glad to abbreviate my statement. If the committee wishes me to come back, I will do it.

I am William L. Taylor, staff director of the U.S. Commission on Civil Rights. With me this morning is Martin Sloane, special assistant to the staff director.

We appreciate the opportunity to present testimony on title VIII of the proposed Intergovernmental Cooperation Act, which deals with uniform relocation assistance.

Senator MUSKIE. May I say I am delighted you chose to testify on this, because I think it will be most helpful.

Mr. TAYLOR. Thank you.

I might say before I get into my statement, Mr. Chairman that I appreciated the remarks you made earlier this morning about the Poor People's Campaign. It seems to me that looking back over the last few years, almost all progress we have made in matters of race relations and matters of social justice have come as a result of peaceful protests and demonstrations of various kinds, which are within the purview of our democratic form of government. I think, again, that if Congress and the executive branch react to the demonstrations and to the protests by enacting social welfare legislation and improving our

performance within the executive branch, it will be an appropriate way of making progress through the traditional processes of our Government. We like to think that testimony by the Commission and the preparation of commission reports is at least partially responsible for progress, but somehow, that is not always quite sufficient. So I did appreciate what you had to say on the subject.

Senator MUSKIE. Thank you.

Mr. TAYLOR. Turning to the act, we believe that the problems to which title VIII is addressed—the gross inconsistencies in the kinds of assistance available to families and businesses displaced by Federal and federally-assisted programs and the inadequacy of assistance available under any of these programs—are urgent ones, requiring immediate corrective action. It is clear that problems of relocation are a major factor inhibiting the success of many programs aimed at improving the quality of life in our cities. It also is clear that they are a part of the underlying problem that has bred unrest and disorder in our urban centers.

We believe title VIII can make a substantial contribution to resolving these problems and we urge its enactment. We have several suggestions to offer, however, which we believe would enable the bill to deal more effectively and comprehensively with problems of relocation. We also wish to add the caveat that there are distinct limits to the impact of legislation aimed at relocation assistance alone, in the absence of forceful measures in other areas. What we are talking about here are measures to assure that families whose lives will be affected have a voice in the decisions concerning the operation of programs involving displacement, measures to assure that when displacement is necessary, there is, in fact, a sufficient supply of housing available to accommodate the families who are to be displaced, and above all, measures to assure that relocation will serve as an instrument for unifying our urban society and facilitating the full participation of the poor—and particularly the nonwhite poor—in community life.

Senator MUSKIE. May I interject at this point?

In the testimony last week, there was a suggestion that we ought to find a way in connection with this legislation, to arrange for participation by the poor. No specific suggestions have been offered as yet. If you do not have one—I have not read your testimony—it would be helpful if you could address yourself to that question as it occurs to you.

Mr. TAYLOR. We do have a suggestion in our testimony. I do not think it is specific enough for purposes of legislation, but we shall be glad to pursue the matter and try to make it more specific.

Senator MUSKIE. Fine.

Mr. TAYLOR. Since our Commission has been in existence, approximately 11 years now, we have maintained a continuing interest and concern with problems of housing. We also have maintained a continuing concern with problems of displacement and relocation, particularly as they affect minority group members. In 1959, when the Commission issued its first report on housing, we examined relocation policies and practices with respect to families displaced by urban renewal. In 1961, the Commission broadened its inquiry to include problems of relocation under the federally assisted highway programs. We pointed out at that time, that there were marked disparities between the as-

sistance available to families displaced by urban renewal and those displaced by federally assisted highways. In fact, until 1962, the Federal highway program, unlike urban renewal, imposed no obligation either on the Federal Government or on the States to provide any relocation assistance.

Although the Federal highway program now provides some degrees of assistance to the families it displaces, other programs, such as those administered by the Department of Agriculture and the General Services Administration, still carry no provisions for any relocation assistance, either financial or advisory. As the Advisory Commission on Intergovernmental Relations and other agencies have demonstrated, these disparities exist among a wide variety of programs—Federal, State, and local—that involve displacement. Urban renewal, which has received more than its fair share of criticism for the inadequacies of its relocation assistance program, actually provides the broadest and most comprehensive range of assistance of any Federal or federally assisted program, including compensation for moving expenses, relocation adjustment payments of up to \$500, and advisory assistance to families who are displaced.

Title VIII would establish uniform standards for relocation assistance which all Federal or federally assisted programs would be required to satisfy. To a large extent, these standards would be based on the current relocation assistance provisions contained in the urban renewal law. For example, section 803(c), relating to relocation assistance programs, is virtually identical to the provisions now applicable to urban renewal. The bill also seeks to raise the level of assistance beyond that currently available under urban renewal or any other program. For example, section 802(e) would provide for payments to displaced families in amounts up to \$1,000 over a 2-year period to assist them in securing decent, safe, and sanitary housing.

We believe the necessity for establishing uniform relocation assistance in all Federal and federally assisted programs involving displacement, and for improving the quality of assistance available to displaced families, has been amply demonstrated. Title VIII represents needed legislation.

We wish to point out, however, that the problem of relocation does not exist in a vacuum, but is a part of the entire process by which families and businessmen are uprooted through the impersonal use of governmental power. Relocation assistance, in the form of money or guidance, cannot adequately compensate people whose homes and businesses have been sacrificed, with little or no opportunity for protest, in favor of such presumably higher public interests as more efficient land use or the enlargement of suburban highway arteries—particularly when they receive no real benefit from these public improvements. By the same token, the problem of relocation cannot realistically be viewed separately from other problems facing our cities—problems of inadequate housing and of growing racial and economic separation—to which relocation is closely tied. Nor can the problem of relocation be fully resolved unless corrective action also is taken to eliminate other inequities and to provide for more basic change in the nature of urban society.

Programs of public improvement have a variety of purposes and effects, sometimes inconsistent with one another. For example, the

highway program, by facilitating travel between cities and within metropolitan areas, has contributed significantly to transforming us into a mobile society. It also has been a major factor in the flight to the suburbs of the white middle class, transforming central cities into areas where the poor and the nonwhite increasingly predominate. Urban renewal, by contrast, is concerned with revitalizing our cities, in part, by attracting the very people that the highway program has enabled to leave.

Despite the inconsistencies in purpose and effect among various public improvement programs, they have a number of elements in common. Most involve massive displacement and a net reduction in the number of housing units. For example, urban renewal, through the end of 1965, had demolished more than 333,000 homes. During the same period, it had replaced them with only 84,000 dwelling units—approximately one-fourth the number the program had eliminated from the Nation's housing inventory. In 1967, alone, the Federal highway program eliminated more than 30,000 dwelling units. By the very nature of the program, it replaced none of them.

In addition, these programs tend to be highly selective with respect to the families they displaced. They have their principal impact on the poor. According to the Secretary of Transportation, during the 18-month period between April 1965, and October 1966, more than one-third of the families displaced by the highway program lived in homes valued at less than \$6,000 or which rented for less than \$60 a month. Fewer than 20 percent of the families displaced resided in homes valued at more than \$15,000 or which rented for more than \$110 a month. According to a census study of urban renewal relocation during the summer of 1964, 80 percent of the families displaced had incomes of less than \$6,000. Two of every five such families earned less than \$3,000 a year.

These programs have at least one further element in common. They displace a disproportionate number of nonwhites and other minority group families. In Baltimore, Md., almost nine of every 10 families displaced by public action during the decade of 1955 through 1964 were nonwhite. In Nashville, Tenn., the case discussed earlier, more than half the housing units occupied by Negroes were demolished through similar action during the present decade. The Federal highway program, alone, threatens to wipe out all of the 234 Negro businesses in North Nashville, which are reported to represent almost 90 percent of the Negro-owned and operated businesses in Davidson County. For urban renewal, of the displaced families whose color is known, nonwhites represent fully 60 percent since the program's inception.

Thus the impact of these programs falls with special severity on the poor—particularly the nonwhite poor—those who are least able to protect their vital interests, those whose range of relocation choice, by virtue of their race and their economic position, necessarily is the narrowest. These programs have been more of a threat than a hope to the urban poor. Highways have meant elimination of their homes and businesses on a massive scale. Urban renewal has meant, as charged, Negro removal.

What I am suggesting is that Federal intervention to protect the interests of these families, restricted to the relocation stage of the

programs, can be only of limited value. Relocation is only the last stage of a process initiated many years before—a process that begins with planning. If the interests of the poor are to be protected adequately, they must be protected at this point. Usually, they are not. One reason is that, at least in the past, the programs have been concerned more with factors of economics and logistics than with social welfare.

Thus decisions on the location of highways have been made by determining the shortest distance between two given points and by calculating the relative cost of acquiring properties that happen to be in the way. Urban renewal, while professing to be aimed at revitalizing cities, has viewed its functions largely in economic, rather than human terms. The program has been more concerned with producing greater tax yields from city land than with determining ways in which the quality of life for all city dwellers could be improved. Although "citizens participation" long has been a requirement in the urban renewal program, the views and interests of the families who reside in areas that need renewal rarely have been decisive factors in determining the course of the program. On the contrary, in many programs, planning decisions are made of which the poor, whose lives are to be disrupted, either are ignorant or only vaguely aware. These decisions come fully to the surface only years later in the form of bulldozers and dislocation. By that time it often is too late to change the course of the program. In short, the key decisions often have been imposed on the poor, on the basis of factors that do not include their social welfare and largely without consulting them or seeking their views.

To some extent, these deficiencies are being corrected. The Federal Highway Administration now considers environmental factors as well as logistics in planning and carrying out highway construction. The Department of Housing and Urban Development is placing greater emphasis on residential reuse of urban renewal land and is stressing rehabilitation rather than clearance. Further, both agencies have instituted procedures to assure that the families to be displaced are consulted, or at least advised of the pending clearance well before the fact. In addition, title IX of the bill before the committee would establish as a policy to guide Federal agencies in their land acquisition activities that human considerations, including the economic and social effects, should be taken into account in determining the boundaries of a public improvement project. More, however, needs to be done.

First, we urge the committee to provide in the bill for prior consultation with the people affected as a uniform requirement for all relevant Federal or federally assisted programs. Thus, before any such program involving displacement could be carried out, it would have to be demonstrated that the families and businessmen in the area, or their designated representatives have been consulted in advance of decisions on planning, and that they have been given maximum opportunity to participate in making key decisions such as those related to the location and the nature of the public improvement and its timing.

Second, to assure against mere paper compliance with this requirement, the legislation should provide that if, despite the protests of the people affected, the decision is made to acquire the properties, this decision must be justified by a showing that all factors have been con-

sidered, including the welfare of the people to be displaced, and that the public interest nonetheless requires the acquisition. There also should be a procedure for a speedy review of the decision by an outside agency not connected with the operation of the program.

Turning to the issue of relocation, itself, title VIII recognizes that the problem of relocating displaced families, most of whom are poor and a disproportionate number of whom are nonwhite, can be met only through assistance. The assistance provided in the bill would take several forms. First, financial assistance, which would be more substantial than any provided under the existing law. The bill recognizes, however, that adequate relocation requires more than money and it also would require Federal and State agencies to establish relocation assistance programs which would offer services aimed at assisting displaced families in securing decent housing.

Several of the key provisions regarding relocation assistance programs, contained in section 803(c), are derived from the existing urban renewal law. We believe these provisions are necessary if displaced families are to have a real opportunity to relocate in decent housing. On the basis of the experience under the urban renewal program, however, there is some doubt that relocation assistance programs, under existing conditions, can be completely successful.

First, there is a certain unreal quality about these provisions. One of the aims of a relocation assistance program would be "to assure that within a reasonable period of time prior to displacement, there will be available * * * at rents or prices within the financial means of families and individuals displaced, decent, safe, and sanitary dwellings * * *." This provision seems to assume that in most areas of the country there is a sufficient supply of lower income housing and that all that is needed is for the poor to be directed to it. This simply is not true, at least with respect to cities, where most displacement occurs. Housing provided through the ordinary channels of the housing market is too expensive for most displaced families. Government subsidy programs aimed at providing a sufficient supply of lower income housing, such as public housing, FHA 221(d)(3), and rent supplements, have produced only a comparative handful of units when measured against the enormous need, which is calculated at some 6 million units.

As the Civil Disorders Commission pointed out, the dimensions of the need for low- and moderate-income housing call for an unprecedented national effort, which would produce 6 million units over the next 5 years. The administration's proposed Housing and Urban Development Act of 1968 also recognizes the urgent need for the immediate production of a large volume of housing within the means of lower income families. In short, with the existing shortage of lower income housing there are severe limits to the effectiveness of any effort to assure satisfactory relocation of displaced families.

We are told, nonetheless, that the great majority of displaced families have relocated in what is considered to be standard housing. That statement, I think, was made earlier this morning.

In view of the acknowledged scarcity of lower income housing, the obvious question arises—where did these families go? To a large extent, the answer is—we don't know. Urban renewal, for example, which maintains the most comprehensive information on relocation,

keeps it only with respect to families who have entered the relocation agency's caseload. The responsibility of the local public agency for relocation commences at the time the loan and grant contract with HUD is executed. Many families, however, move out prior to that time because of the impending clearance. These families are not part of the relocation caseload, nor are they included in the data concerning relocation. Further, there is no obligation on the part of the Federal Government or the local public agency to provide any assistance to these families. Whether they departed before or after the urban renewal loan grant contract was executed it is clear that their displacement was a result of urban renewal. No information is available, however, on how these families fared after displacement.

It is clear also that most of the families who did relocate in standard housing managed it without assistance from the local public agency. In the 1964 census study of urban renewal relocation, it was pointed out that although 90 percent of the families surveyed received counseling, financial, or other assistance from the local public agency during the relocation process, 70 percent of the families relocated through their own efforts, without assistance from the local public agency. Thus, on the basis of the urban renewal experience, there is reason to question the effectiveness of relocation assistance programs, such as those provided in the bill.

Further, many of the families managed it by stretching their limited resources to pay rent. According to the census study, the median rent that relocated families had to pay was 28 percent of their income. For nonwhites, it was even higher. About three of ten non-white families had to pay between 35 and 64 percent of their income for rent.

Beyond this, however, there is some question whether all the families reported to have relocated in standard housing actually did so, at least in the sense that most of us view the term standard housing. The technical definition of standard housing deals primarily with plumbing. Thus a housing unit which is clearly in deteriorating condition is considered standard according to the technical definition so long as it has adequate plumbing facilities.

In a long and, I think, useful piece in the New York Times yesterday, it was stated that there are 800,000 units of substandard housing in the city of New York. This is a staggering figure, obviously not based completely on plumbing.

Moreover, housing that is occupied by more families than it is designed to hold is not thereby rendered substandard. On the basis of the Commission's experience, overcrowding is a major problem resulting from urban renewal displacement. For example, at the Commission's hearing in Cleveland, Ohio, we heard testimony that urban renewal had had the effect of moving Negroes from one slum neighborhood into the Hough area, causing the Hough area to become overcrowded and leading to the deterioration of other areas of the city. As one Commission witness put it:

You are just moving your ghetto from Hough to Glenville, to Mount Pleasant, and finally to Lee-Harvard and Shaker Heights and God knows where to from there.

This process is continuing. I saw a recent article which indicated that the vacancy rate in Hough was increasing while other areas were becoming more overcrowded.

Our witness concluded "that the whole thing is eventually going to erode the whole city."

Thus, even while urban renewal areas are being rebuilt, the process of decay in other parts of the community is accelerated. There is some doubt whether programs such as urban renewal can be completely successful if, while concentrating on the revitalization of one part of the community, they contribute, through inadequate attention to factors such as overcrowding, to the deterioration of others.

I am not suggesting that the legislation you are considering can be designed to resolve all of these problems. Nor do I intend to deprecate the requirements for financial and counseling assistance to displaced families. These are necessary and indeed, represent a part of the answer. As you recognize, however, much more is necessary if these requirements are to be of maximum effectiveness.

First, they must be carried out with energy and compassion by Federal and State officials—officials who are willing to hold up a public improvement program until they are assured that relocation is satisfactory, not only in statistical terms, but in terms of the needs and desires of the families involved. There is some evidence that this has not been the case in the past—that program administrators have considered relocation more of an obstacle to the operation of the program than an inherent part of it, which must be satisfied if the program is to succeed. One way of meeting this program is to divorce the responsibility for relocation from that of program operation, giving the relocation officials the authority to hold up the program until they are satisfied that relocation will be successful. I understand that HUD has instituted such a procedure in the urban renewal program and I believe it warrants serious consideration by all other agencies which operate programs, involving displacement.

Sympathetic and vigorous administration of relocation assistance programs, however, will not be enough. As one commentator has pointed out: "What is needed is not counseling but an expansion of the supply of low-cost housing." We recognize that low-income housing legislation is not being considered as part of the bill before you, nor is it specifically within the jurisdiction of this committee. I wish to stress, however, that unless the supply of low-income housing is expanded on an unprecedented scale, through the expansion of existing Government subsidy programs and the enactment of additional programs capable of producing low-income housing in volume, relocation will be a continuing and increasing problem. There is a bill pending on the floor right now which, if enacted, can make a substantial contribution towards providing the kind of expansion in the supply of lower income housing that is needed.

I also wish to stress that the success of relocation cannot be judged solely in terms of the proportion of displaced families who relocate in standard housing. The problems facing our cities today stem not only from poverty and inadequate living conditions, but also from the growing trend toward racial and economic separation. Relocation in the past has tended to intensify the isolation of the poor, and particularly the nonwhite poor. Under the bill in its present form, there is little reason to believe that the experience will not be the same.

Mr. Chairman, this trend toward racial and economic separation must not be allowed to continue. The Civil Disorders Commission, after

a thorough investigation of the riots that occurred last summer, reached a basic conclusion: "Our Nation is moving toward two societies, one black, one white—separate and unequal." This conclusion is fully supported by the facts the Commission on Civil Rights has gathered through hearings and investigations in urban areas and through our own reports. We are developing a society in which the affluent and the impoverished, the white and the nonwhite, live in isolation from one another. We are developing a society where it is possible, as the Commission learned at its Cleveland hearings, for a Negro child, raised in the heart of a large city, to reach adolescence without ever having known a white person of his own age. In short, we are developing a society that is rapidly being divided into opposite camps, hostile and mistrustful of each other.

It will require a major effort for this trend to be reversed. Relocation cannot provide the total answer, but it can play a major role. I urge you to amend section 803(c) to provide that a major purpose of a relocation assistance program must be to contribute to the elimination of segregation by race and income. We believe that such an amendment can provide necessary guidance to those charged with responsibility for carrying out these programs so that relocation will not continue to result in increasing racial and economic separation, but can make a major contribution toward ending segregation and unifying our urban society.

That concludes my statement. Thank you.

Senator MUSKIE. Thank you very much, Mr. Taylor, for your excellent statement. It is very much to the point. I am sorry that time forces us to recess the hearing.

Senator Hansen, did you have anything you wished to ask?

Senator HANSEN. No, only to compliment you on your excellent statement, Mr. Taylor.

Mr. TAYLOR. Thank you, Senator.

Senator MUSKIE. We are recessed until tomorrow morning at 10 o'clock in this room.

(Whereupon, at 12:35 p.m., the hearing was recessed, to reconvene Wednesday, May 29, 1968, at 10 a.m.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

WEDNESDAY, MAY 29, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS,
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:20 a.m., in room 457, Old Senate Office Building, Senator Edmund S. Muskie (chairman) presiding.

President: Senators Muskie and Baker.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. We are pleased to welcome you, Mr. Bridwell, this morning.

Please proceed with your testimony.

TESTIMONY OF LOWELL K. BRIDWELL, FEDERAL HIGHWAY ADMINISTRATOR, ACCOMPANIED BY FRANCIS C. TURNER, DIRECTOR OF THE BUREAU OF PUBLIC ROADS

Mr. BRIDWELL. Thank you, Mr. Chairman, Senator Baker.

For the record, my name is Lowell Bridwell, the Federal Highway Administrator. With me is Mr. Francis Turner, Director of the Bureau of Public Roads. Before beginning my statement, Mr. Chairman, I would like to comment that this subject of relocation assistance, in my opinion, is one of the most serious problems facing us in the Highway Administration and the Bureau of Public Roads, and one of the most serious problems facing the progress of the Federal-aid highway program. Before the Senate Public Works Committee we have recently provided considerable testimony and certain other materials related to its hearings on the problems that are encountered in the highway program in urban areas. Without question, I think, any rational examination of the problems that we face in the progress of the Federal-aid highway program has to have as one of its big parts the problems of displacing persons. So with that introduction, Mr. Turner and I both are very pleased to have this opportunity to appear before the committee to present our testimony, answer any questions, and certainly urge, very strongly urge, action by the Congress in this session to provide the mechanics, provide the tools with which we can, in cooperation with the States and local governments, do a much more adequate job of taking care of displaced persons and businesses.

Senator MUSKIE. May I say, Mr. Bridwell, that I compliment what was the Bureau of Roads, now the Department of Transportation, for what I believe is almost a complete reversal in attitude on these problems over the last 2 or 3 years. I think you have humanized the program in a commendable way. You know the testimony that we get these days from the Department is most reassuring so we are especially appreciative of your attendance here this morning.

Mr. BRIDWELL. I will direct my testimony largely to title VIII of S. 698, the provisions of the bill which relate most significantly to the Federal Highway Administration. The Department is filing a letter with the committee on some of the other aspects of the bill, but I want to concentrate this morning on the very important subject of relocation assistance.

Title VIII involves a uniform policy for the equitable treatment of persons displaced by the acquisition of property by Federal or federally assisted programs. We favor enactment of this title as strengthened by the amendments recommended by the Bureau of the Budget.

Part B of title VIII, which deals with federally assisted programs, recognizes the need for State and local agencies acquiring land to assure that those displaced have adequate replacement housing. Consistent with this objective, section 807(a)(4) would require that no federally assisted project shall be approved without the assurance that decent, safe, and sanitary housing will be available prior to displacement and within the financial means of the displacees.

To assist displaced families or individuals to secure a decent, safe, and sanitary dwelling, the bill would also permit payments of up to \$500 for each of two consecutive 12-month periods. We believe this provision is needed, not as an alternative to the provision of decent, safe, and sanitary housing, but as a complementary feature.

The need for this complementary provision is suggested by considering the rent payments made by those who will be displaced. Many of these are in the low- or moderate-rent category. For example, our "Highway Relocation Assistance Study"¹ disclosed the breakdown of rentals paid by 61,000 tenants displaced or to be displaced by Federal-aid highways during the 3-year period between July 1967 and June 1970 to be: 41 percent pay less than \$60 per month; 43 percent pay between \$60 and \$110 per month; and 16 percent pay over \$110 per month. Many of these who will be displaced from low- or moderate-rental units will need assistance to finance suitable replacement housing because of the shortage of low-rent housing.

Relocation problems for people in low-cost housing are also serious for owner-occupants. We believe title VIII needs to recognize the problems of the owner-occupant of real property which is acquired, but for which the fair market value is not sufficient to enable the previous owner to obtain a suitable dwelling. We favor the proposal of the Bureau of the Budget for a payment of up to \$5,000 which would represent an amount which, when added to the acquisition payment,

¹ House Committee on Public Works, Committee Print No. 9, 90th Cong., first sess., at p. 43. Transmitted to Congress, June 30, 1967, by the Secretary of Transportation pursuant to sec. 12 of the Federal-Aid Highway Act of 1962, Public Law 89-574.

equals the average price required for a decent, safe, and sanitary dwelling of modest standards available on the private market.¹

Frequently, homeowners who must relocate face higher costs than they had formerly. In some cases, this results because there is no suitable housing comparable in price to what these owners left. This seems likely to be the case for many of those to be relocated from high-way rights-of-way. During the 1967 to 1970 period (now about one-third past), about 86,000 owner-occupants have been or will be displaced for Federal-aid highways.

The values of the 86,000 properties are as follows: 27 percent under \$6,000; 46 percent between \$6,000 and \$15,000, and 27 percent over \$15,000.²

How serious a problem relocation may be for residents depends on such matters as their age, income, and race and on the amount and cost of vacant land and replacement housing in the area. In one study of elderly homeowners,³ a majority of the resettled owners stated that the displacement had adversely affected their financial position. For example, the mortgage averaged \$7,000 on the new property compared with \$3,000 on the old. New housing was reported to be superior by 60 percent and to be not as good as the old by 30 percent.

Section 905(a) (3) concerns the establishment of a fair and reasonable price to be offered for property needed for a project. We favor this policy in so far as it requires that owners be immediately offered the full appraised value of their property. This is present practice in the acquisition of rights-of-way for Federal-aid highways. We are not sure, however, whether section 905(a) (3) is intended to imply that the price originally established can never be altered, even when elements of value not considered in the appraisal come to the attention of the acquiring agency. We believe the committee may wish to make clear that this section does not institute a totally inflexible one-price policy.

A preliminary estimate by the Bureau of Public Roads indicates that the highway relocation costs under the provisions of S. 698, as

¹ While we believe this supplementary payment will alleviate many of the inequities caused by the need to relocate, and/or requires us to concede that some instances of hardship will not be covered by this legislation. For example, where an owner was forced to pay an excessive price for his home because he was a high risk or as a result of abnormal market conditions, payment of only fair market value for his property may not be enough to enable him to pay off the outstanding mortgage and still have the amount of a downpayment on a replacement house left over. Yet such an owner might not be eligible for a supplementary payment under the proposed legislation, since a comparable decent, safe, and sanitary home would probably cost no more than the fair market value of the property taken.

Another situation not covered is that of the elderly individual, living on a fixed retirement income or social security, who cannot replace his modest but paid-for house for the amount he receives as compensation. Even if he could obtain financing, he may not be in a position to make mortgage payments on a new home. In all probability, the supplementary payment would not enable this person to avoid the need to incur these new obligations. This problem is accentuated where a part of the elderly person's income comes from renting rooms in the house taken by the project. In addition to the problems already mentioned, the owner's extra income from rents is entirely gone, and the move may put him in a location which is not as desirable to prospective tenants.

² "Highway Relocation Assistance Study," transmitted to Congress by the Secretary of Transportation on June 30, 1967 (House Committee on Public Works, Committee Print No. 9, at p. 43).

³ Adkins and Elchman "Consequences of Displacement by Right-of-Way to 100 Homeowners, Dallas, Tex." (report to Texas Highway Department and Bureau of Public Roads; Bulletin 16, E 66-61, of the Texas Transportation Institute. A. & M. College of Texas, 1961, at pp. 8-18).

modified by our suggestions, might be as high as \$173 million annually.¹

As the land acquisition for the Interstate System tapers off in the next several years, costs attributable to this program should decline. Unless of course, the Congress enacts a follow-on or a new highway program which would require similar property takings.

Senator MUSKIE. May I ask a question?

Mr. BRIDWELL. Yes, sir.

Senator MUSKIE. Is this estimate based upon the 100 percent formula of S. 698 or upon the formula of the Bureau of the Budget that these costs be apportioned between the States and the Federal Government according to the formula applied to the project?

Mr. BRIDWELL. Mr. Chairman, I believe that subject to possible correction, my understanding is that the \$173 million is total cost, regardless of where the funds come from.

Current Federal legislation (23 U.S.C. 133), enacted as part of the Federal-Aid Highway Act of 1962, does not require the States to make relocation payments as a condition of receiving Federal-aid highway funds. Instead, section 133 merely permits such payments, where made, to be included as construction costs and thus reimbursed on the same basis as any other project cost, but only up to \$200 in the case of an individual or family and \$3,000 in the case of a business or farm.

As of March 31, 1968, 37 States,² the District of Columbia, and Puerto Rico authorized the payment of moving costs reimbursable in whole or in part under section 133. Of these, 25 States³ and Puerto Rico substantially provide relocation payments in the amounts subject to Federal reimbursement under section 133. The laws of 11 States authorize their highway departments to make payments exceeding the limits of section 133.⁴

As a result, a portion of such payments are not eligible for Federal reimbursement. Section 133 does, however, require every State to provide relocation advisory assistance, but only for the relocation of families. While present Federal law does not require relocation advisory assistance for businesses and nonprofit organizations, almost every jurisdiction now offers this service.

Relocation payments on a national basis show the magnitude of the trends in the program. For example, as shown in the tables appended to this statement, during the 33-month period from April 1, 1965, to December 31, 1967, residential relocation payments totaled nearly \$61½ million for about 55,000 payments, an average of \$117 for each

¹ \$75 million for replacement housing assistance (21,000 eligibles averaging \$3,500).

\$19 million for rental assistance payments (38,000 units averaging \$500).

\$60 million for the recommendations contained in the Highway Relocation Assistance Study.

\$14 million for the cost of transferring property to the State (56,000 units averaging \$250).

\$5+ million for business relocations in excess of the amounts recommended in the Highway Relocation Assistance Study (5,300 units averaging \$1,000).

Total, \$173+ million.

² Alaska, Alabama, California, Connecticut, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin.

³ Alaska, Alabama, California, Georgia, Illinois, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, North Carolina, Ohio, Oregon, Rhode Island, South Dakota, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin.

⁴ Connecticut, Indiana, Maryland, Montana, Nebraska, New York, North Dakota, Oklahoma, Pennsylvania, Tennessee, District of Columbia.

residential relocation payment. Business relocation payments averaged over \$1,000 each and came to a total of over \$6 million during this 33-month period. Residential relocation payments during the last quarter of 1967 numbered over 5,700 and averaged \$124, compared with about 2,000 payments averaging \$104 in the quarter ending June 30, 1965. Business relocation payments show a similar upward trend.

Congress has clearly recognized the need to strengthen the relocation assistance program. The Federal-Aid Highway Act of 1966 directed that a study be made of the relocation problem with special emphasis on the adequacy of relocation payments and assistance rendered. This highway relocation assistance study was transmitted to the Congress by the Secretary of Transportation on June 30, 1967, and was printed by the House of Representatives as Committee Print No. 9, 90th Congress, first session.

That study indicates that about 168,000 individuals, families, businesses, farmers and nonprofit organizations either have been or will be displaced during the 3-year period commencing July 1, 1967. This will average 56,000 per year. About 23 percent of these are located in rural areas and 77 percent in urban areas. About 55 percent of all highway displacements will result from the interstate program.¹

The bulk of the 168,000 estimated displacements involve residences, either families or individuals. About 147,000 residences, 16,000 businesses and nonprofit organizations, and 5,000 farms have been or are expected to be displaced during the July 1967 to July 1970 period. Of the 147,000 residential units, about 86,000 are owners and 61,000 are tenants.²

It is of course, obvious that the more adequate relocation program proposed by S. 698 would require greater expenditures than does the program presently authorized. Taking the 168,000 relocations which occurred or will occur in the period from 1967 to 1970, the total relocation cost, both Federal and State, authorized under the present program could be about \$37 million, or somewhat more than \$12 million per year. This assumes that all jurisdictions participated fully. However, since only 39 jurisdictions are actually participating under the present law, the actual cost for the calendar year 1967 was closer to \$6 million.

If the more adequate relocation provisions recommended by the present legislation were enacted, the cost would be approximately \$173 million annually. These costs anticipate acquisition of Interstate System rights-of-way and can be expected as I mentioned earlier to diminish with the completion of that program.

We think that the increased costs engendered by S. 698, while large in dollars, are small in comparison with the more than \$4 billion expended annually by the Federal Government alone in the Federal-aid highway program. The additional expenditures required in the proposed legislation are, in our view, entirely justified to insure that persons displaced by our highway programs are treated justly and that hardship is not worked on those few persons and businesses who

¹ Highway relocation assistance study, transmitted to Congress by the Secretary of Transportation June 30, 1967 (House Committee on Public Works, Committee Print No. 9, 90th Cong., 1st sess., at p. 41).

² Highway relocation assistance study, transmitted to Congress by the Secretary of Transportation June 30, 1967 (House Committee on Public Works, Committee Print No. 9, 90th Cong., 1st sess., at 41 and 43).

must move in order that the highway program may be completed for the benefit of us all.

Finally, section 807(b) provides in the case of federally-assisted projects that costs of relocation would be included in project costs and Federal financial assistance would be provided to the same extent as other project costs, except that the Federal agency would contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. The effect of the proposal would be to have the Federal Government assume almost all relocation payments.

We believe that relocation payments are an essential element of project cost and see no reason to exempt the first \$25,000 from the usual sharing requirements. We believe strongly that relocation payments should be shared as other highway project costs.

I thank you for this opportunity to testify on this legislation, Mr. Turner and I, to the extent of our ability, are prepared to answer questions.

(The tables referred to follow:)

TABLE 1.—HIGHWAY RELOCATION PAYMENTS FOR ALL STATES APR. 1, 1965, TO DEC. 31, 1967

Quarter ending	Residential payments			Business payments		
	Number of payments	Total payments	Average payment	Number of payments	Total payments	Average payment
June 30, 1965.....	2, 002	\$209, 062	\$104	354	\$339, 905	\$960
Sept. 30, 1965.....	3, 406	387, 693	114	371	363, 598	980
Dec. 31, 1965.....	5, 598	584, 355	104	514	453, 843	883
Mar. 31, 1966.....	4, 951	538, 229	109	597	547, 663	917
June 30, 1966.....	5, 588	618, 512	111	633	615, 077	972
Sept. 30, 1966.....	6, 106	716, 792	117	596	618, 823	1, 038
Dec. 31, 1966.....	5, 659	665, 629	118	627	625, 206	997
Mar. 31, 1967.....	4, 778	589, 394	123	677	895, 698	1, 323
June 30, 1967.....	5, 238	664, 554	127	573	574, 906	1, 003
Sept. 30, 1967.....	5, 724	728, 708	127	580	638, 762	1, 101
Dec. 31, 1967.....	5, 740	709, 002	124	640	682, 004	1, 066
Total.....	54, 790	6, 411, 930	117	6, 162	6, 355, 485	1, 031

TABLE 2.—HIGHWAY RELOCATION—PAYMENTS BY STATES JULY 1, 1967, TO DEC. 31, 1967

Region	State	Residential payments			Business payments		
		Number of payments	Total payments	Average payment	Number of payments	Total payments	Average payment
1	Connecticut.....	429	\$61, 010	\$142	17	\$28, 982	\$1, 705
	Maine.....	33	4, 993	151	5	752	150
	Massachusetts.....	152	22, 541	148	44	58, 161	1, 322
	New Hampshire.....	41	5, 538	135	3	2, 230	743
	New Jersey.....	444	51, 435	116	62	90, 366	1, 458
	New York.....	950	165, 286	174	120	205, 284	1, 711
	Rhode Island.....	28	2, 740	98	7	18, 124	2, 589
	Vermont.....	50	7, 030	141	13	7, 201	554
	Puerto Rico.....						
	Total, region 1.....	2, 127	320, 573	151	271	411, 100	1, 517
2	Delaware.....						
	Maryland.....	337	36, 501	108	12	6, 743	562
	Ohio.....	774	78, 681	102	83	102, 789	1, 238
	Pennsylvania.....	514	85, 948	167	42	85, 067	2, 025
	Virginia.....	422	39, 799	94	71	27, 586	389
	West Virginia.....	492	58, 349	119	39	23, 086	592
	District of Columbia.....	39	3, 175	81			
	Total, region 2.....	2, 578	302, 453	117	247	245, 271	993

TABLE 2.—HIGHWAY RELOCATION—PAYMENTS BY STATES JULY 1, 1967, TO DEC. 31, 1967—Con.

Region	State	Residential payments			Business payments		
		Number of payments	Total payments	Average payment	Number of payments	Total payments	Average payment
3	Alabama.....	482	\$38,262	\$79	61	\$53,260	\$873
	Florida.....						
	Georgia.....	350	30,027	86	8	2,549	319
	Mississippi.....						
	North Carolina.....	198	14,474	73	42	23,817	567
	South Carolina.....						
	Tennessee.....	350	30,697	88	21	10,192	485
	Total, region 3.....	1,380	113,460	82	132	89,813	680
4	Illinois.....	131	12,488	95	19	11,837	623
	Indiana.....	927	104,010	112	57	42,198	740
	Kentucky.....	310	28,704	93	51	38,028	746
	Michigan.....	1,537	202,280	132	97	93,536	964
	Wisconsin.....	120	17,748	148	38	43,988	1,158
	Total, region 4.....	3,025	365,230	121	262	229,587	876
5	Iowa.....	42	6,360	151	7	2,961	423
	Kansas.....						
	Minnesota.....	365	48,635	133	88	87,868	999
	Missouri.....						
	Nebraska.....	46	5,225	114	20	13,949	697
	North Dakota.....	3	407	136	4	1,928	482
	South Dakota.....						
	Total, region 5.....	456	60,627	133	119	106,706	897
6	Arkansas.....						
	Louisiana.....						
	Oklahoma.....	19	2,140	113	9	90,791	10,088
	Texas.....						
	Total, region 6.....	19	2,140	113	9	90,791	10,088
7	Arizona.....						
	California.....	1,463	224,133	153	102	77,775	765
	Nevada.....	18	1,576	88	18	21,767	1,209
	Hawaii.....	90	10,625	118	8	1,005	126
	Total, region 7.....	1,571	236,334	150	128	100,547	786
8	Alaska.....						
	Idaho.....						
	Montana.....						
	Oregon.....	233	25,017	107	33	20,984	636
	Washington.....	59	9,131	155	16	25,123	1,570
	Total, region 8.....	292	34,148	117	49	46,107	941
9	Colorado.....						
	New Mexico.....						
	Utah.....	16	2,745	172	3	839	280
	Wyoming.....						
	Total, region 9.....	16	2,745	172	3	839	280
	Total, national.....	11,464	1,437,710	125	1,220	1,320,766	1,083

Senator MUSKIE. With respect to that last point, your position is that provision of an adequate relocation payment in accordance with the provisions of S. 698 should be in addition to the sharing of Federal highway costs by the States?

Mr. BRIDWELL. Yes, sir.

Senator MUSKIE. That is writing off quite a powerful incentive in these days, is it not?

Mr. BRIDWELL. I would think so, yes, sir.

Senator MUSKIE. But is it as powerful as other Federal programs in these days?

Mr. BRIDWELL. Of course, not being familiar or as familiar with other Federal-aid programs as I am with the highway program, I do not believe I am qualified to answer the question. However, I think it is perfectly obvious that in order to receive Federal assistance for any kind of program, certain kinds of standards, certain kinds of conditions, criteria, have to be met. I see nothing particularly unusual in adding this particular criterion as a condition of receiving Federal aid.

Senator MUSKIE. But there are a number of programs that are not as popular in the States, or in all parts of the States, as highways. Highway construction is almost uniformly popular. There is a tremendous pressure on the State to meet this kind of condition. Recognizing this, the beautification program, for example, is keyed to this and it is pretty powerful medicine. But with respect to less accepted Federal programs, insistence upon a considerable condition could very well jeopardize the program in most of these States.

Mr. BRIDWELL. Well, I suppose that that is possible, Senator Muskie. You will recall that when the Highway Safety program was enacted by Congress, there was a similar provision written in—when I say similar, I mean similar to the beautification program—that provided the so-called penalty provision. And there was some discussion among the States of, well, is it worth it? In other words, would it be less expensive for us to ignore the highway safety program and just assume our 10-percent cut?

I do not expect any State, not one single State to adopt that attitude, for a real good reason, that in the wisdom of Congress, all of these programs are wise and are needed and I cannot believe that any State is going to take the position that it does not want any part of these programs simply because of the conditions imposed.

Senator MUSKIE. The Congress thought the defense highway system was so wise and so important that it provided that the Federal Government pick up 90 percent of the cost.

Senator Baker suggested that the word should be “costly”, not “wise.”

In other words, the Congress feels if the objective is important enough, in order to increase the objective, you increase the share of the Federal participation.

You indicated that the relocation problem is an important one. I believe there will certainly be delays to full implementation of the relocation program by all of the States. So it seems to us that it is better, considering the urgency of the problem, that we provide a larger percent of Federal money. Certainly it is not that much, as you indicated, in proportion to the total cost of the projects. The State highway commissioner of Maine tells me that although the division of the costs between the Federal Government and the State on the defense highway system was 90 to 10, as a practical matter, because there are many costs which were not subsidized, it is usually something less than 90 percent for the Federal Government, something more than 10 percent for the States. So we are talking about elements of cost that fall within that range, I think. If that is the case, I see no reason why we ought not to fund this. It is easily within the capability of funding. I think the net Federal share in my State would still not exceed 90 percent of the cost of the defense system. Is that an inaccurate analysis?

Mr. BRIDWELL. Well, let me break that down, if I may, Senator, into two or three parts.

One, I think perfectly obviously, there are many instances in which a precise breakdown of cost does not turn out to be 90 to 10 for a lot of peculiar reasons appropriate to a particular project.

Senator MUSKIE. It tends to become a pattern year after year.

Mr. BRIDWELL. I would not think that that percentage would vary in any significant way. I suspect that one of the factors which influences these statements to you would be the necessity that in connection with an interstate system project but not a part of it would be the necessity of upgrading, reconstructing feeder roads to the system. Now, certainly, that is not eligible for 90 percent Federal participation. If it is on the Federal-aid system, it is eligible for 50-50 participation. And of course in many cases, the connecting roads are not on any Federal system, so it is a 100 percent State or State and local responsibility. Yet to make the system work well, these feeder or connecting roads must, in many instances, be upgraded, in some cases reconstructed. So if they are taking those kinds of costs into consideration, then certainly it would be less than 90 to 10.

But it is very unusual for us within the rights-of-way, if I may put it that way, of a Federal-aid interstate project to disallow any features which would then raise the relevant cost to the State.

And of course, you are aware of the public lands sliding scale in which some States receive more than 90 percent.

Senator MUSKIE. I am really not complaining about the fact that this additional cost to the State changed the 90 to 10 ratio. I might have to make more specific instances. But that was not the thrust of my question.

You mentioned the fact that what we are talking about here in the highway program is a \$40 million—

Mr. BRIDWELL. I believe my testimony, Mr. Chairman, was that 55 percent of the displacees are associated with the interstate program and 45 percent from others. And of course, under the proposal—

Senator MUSKIE. The figure I am looking at is this: The Federal Government spends annually \$4 billion in the Federal-aid highway program. Now, 1 percent of that is \$40 million.

You talk about a \$173 million cost; that is 4 percent. As I recall, I think 4 percent is a greater variation than my highway provision suggested, because it is half of 90-10, or 50-50. Incidentally, I might say that that \$173 million estimate that you give is much greater than the one given to us by the Advisory Commission on Intergovernmental Relations. I think it was twice their estimate for the cost of all programs under the act. I wonder if you would check your figures with the Commission's so we may have as firm a figure as possible?

Mr. BRIDWELL. Yes, we will be glad to do so, Senator.

(The material referred to follows:)

Question

Senator MUSKIE. "I might say that that \$173 million estimate that you give is much greater than the one given to us by the Advisory Commission on Intergovernmental Relations. I think it was twice their estimate for the cost of all programs under the Act. I wonder if you would check your figures with the Commission's so we can have as firm a figure as possible."

Response

Our estimate of the annual cost for the highway relocation provisions of S. 698, with the modifications suggested by the Administration, includes the following items:

	<i>Millions</i>
For replacement housing assistance (21,000 eligibles averaging \$3,500) --	\$75
For rental assistance payments (38,000 units averaging \$500) -----	19
For cost of transferring property to the State (56,000 units average \$250) --	14
For business relocations in excess of amounts recommended in Highway Relocation Assistance Study -----	+5
For recommendations of Highway Relocations Assistance Study -----	60
 Total -----	 +173

These costs should decline in the next several years as land acquisition for the Interstate System tapers off. This estimate is considerably higher than an estimate of costs given by the Advisory Commission on Intergovernmental Relations. Their estimate of relocation costs due to highway construction was about \$33 million per year. The difference between the Federal Highway Administration estimate of \$173 million and the \$33 million apparently results because:

1. Our estimate includes the expected costs of the recommended expansions of the relocation provisions offered by the Administration.

2. Our estimates are based on estimated displacements for the 1967-1970 period received from the 50 states. We understand that the Advisory Commission on Intergovernmental Relations' estimate is based largely on actual 1967 fiscal year displacements.

The individual who made the calculation for us is not with us here in the hearing this morning. But we did check the point of how we arrived at that total figure. It is based upon a projection of actual cases; in other words, taking actual case experience and then applying it to our estimate of the 168,000 persons, families, businesses, nonprofit organizations, and farms to be displaced. So it is our obvious belief that it is a reasonable and reasonably accurate estimate of costs.

We are not raising the point, however, Senator, so that the record will not be confused, that this is too much money or that 1 percent or 2 percent or 3 percent is too much money. I rather would put it on the basis of the viability of a program, the realistic administration of a program where the Federal Government picks up the entire cost.

Senator MUSKIE. Well, certainly your position is not unreasonable. I do not suggest that. It is a perfectly reasonable proposition that the costs of this item be shared to the same degree that other costs are.

The response of those of us who are concerned with the bill to the opposition is that we think it is necessary because of the reluctance of the States to rise to this challenge, that because of the very severe human considerations involved, 100 percent Federal funding can be justified. Reasonable men certainly can disagree on that. I cannot even predict how our committee would divide on it, if at all. But I thought we ought to explore a little bit in the testimony here and give you a full opportunity to express your opinion.

I understand it fully, I think. Again, I do not consider it an unreasonable point of view, but I still may disagree with it when we are through.

Senator Baker.

Senator BAKER. Just for the sake of a thorough understanding of the reasons and justifications for your recommendation on the cost-sharing, I would like to run over it again, if I may. But before I do, I would like to ask you, is it within your contemplation that moving costs would be an element of damages and would be subject to litigation?

tion like any other element of damages under the present form of the bill?

Mr. BRIDWELL. Senator Baker, I have not really focused on that particular question prior to this.

Senator BAKER. I realize your statement said you were directing your attention to title VIII, and I apologize for giving the appearance of trying to put you on the spot.

Mr. BRIDWELL. That is perfectly all right.

Senator BAKER. On page 37, which is in part (f) of title VIII, it does state that all functions performed under this section shall be subject to the operation of the act of June 11, 1946 (60 Stat. 237), as amended:

Any displaced person adversely affected or aggrieved by the operation of this section after the effective date of this act may institute in the district court of the United States for the judicial district in which such claimant resides or in which such claim first arose an action for the review of such determines.

I assume that this means the amount of moving costs would be subject to litigation, like every other element of cost. But what I really want to know is what your view is about the propriety of having the moving expenses subject to judicial review?

Mr. BRIDWELL. I understand, Senator, and as I say, I have not focused on this particular section of the bill prior to this.

My reaction is that it is not necessary to make this particular process subject to a review by appropriate legal means. We are taking the position that under our bill, this is an administrative activity in which we are participating in the payment of full costs and the only requirement is the documentation of the costs experienced that this is consistent with the rest of the operation of the Federal-aid highway program.

Senator BAKER. Would you agree that the cost of making one whole, which after all is the function of the moving allowance, ought to be included in the assessment of total damages by any jury trying the case in any litigation?

Mr. BRIDWELL. I think we look on this, Senator, as separate and distinct from the operation of the eminent domain proceedings in which, if a negotiation is not achieved, then of course, it is a matter of court determination. But we believe that this relocation assistance program is not directly a part of eminent domain action.

Senator BAKER. Would you agree with the general proposition that the thrust and objective of equitable eminent domain legislation should be to prevent one involuntarily displaced from his property from being less than whole after the taking and completing the compensation payment?

Mr. BRIDWELL. In a philosophical context, no, I would not dispute your statement; or conversely, I would agree with your question.

Senator BAKER. I am sorry, sir?

Mr. BRIDWELL. I say that in a philosophical context, I have no problem with the import of the question.

Senator BAKER. Of course, the bill as presently written, dealing with a full 100-percent share of the first \$25,000, I understand, follows generally the urban renewal formula. Can you tell me now some elaboration of your preference for the highway formula over the urban renewal formula within the framework of that general philosophical concept?

MR. BRIDWELL. I believe, Senator Baker, that it is our feeling that assisting a displaced individual—family and so forth—in finding a replacement structure is just as much a part of a highway project as any other activity within that highway project and that it should not be treated separately and distinct from other activities within that project and the meeting of Federal criteria. These are engineering criteria and many other criteria which have very important sociological and economical interests and overtones.

SENATOR BAKER. Senator Muskie, I think, put the question, is it not so that the States have not really performed very well in this field of displacement assistance and the like? Might the States not perform better in your view if they were entitled to a 90-percent contribution across the table in the allowance of moving expenses?

MR. BRIDWELL. Well, of course, under our suggestion, Senator Baker, for those families, businesses, et cetera, who are displaced on an interstate project, the State would be eligible for a 90-percent reimbursement.

In other words, a replacement cost is like any other cost, so it would be 90-10 or 50-50, according to the type of project involved.

SENATOR BAKER. The question I am getting at is do you see any apparent built-in reluctance or resistance on the part of the States to the making of moving cost payments, other than the economic factor?

MR. BRIDWELL. I think I have to answer the question honestly, Senator, by saying yes and no. The yes part is that there is some resistance; again, not philosophical resistance. It is much more pragmatic resistance because State highway departments are not trained, experienced, and practiced in this kind of activity and some of them are reluctant to undertake it because they consider this a field foreign to the engineering portions of constructing a highway.

I frankly would have to say that I am disappointed that under the 1962 act, there are still some States that are not taking advantage of the provisions of that act, inadequate though it may be.

Now, the other side of that is that some States do a really excellent job, a thoroughly good job. In some instances, the State highway department does it itself; in some instances, it contracts with a local agency, usually the redevelopment agency, that also handles relocation assistance under urban renewal and other federally aided programs. I think it is pretty hard to come up with any kind of consistent pattern and say the States generally do or do not perform well.

I would add two points to this. One is that as you are probably aware, the Federal-aid highway program, to a very heavy extent, operates under State law, so the States also are either aided or constrained by their own State law.

The second factor that I would like to mention is that some of the States have complained or, in another sense, have requested us to seek improvements in what we are able to accomplish under the 1962 act.

SENATOR BAKER. One last question, Mr. Bridwell or Mr. Turner. Are you prepared to say today, and if you are not, I fully understand, but are you prepared to say today whether or not you will support a proposal that would allow moving costs, relocation costs, without an arbitrary limitation as to amount, as a part of the award in the course of litigation in the eminent domain proceeding? These costs would be borne on the formula now applicable to highway and interstate high-

way programs—that is, 90-10—the objective being to make the involuntary seller no less than whole after the move is consummated.

Mr. BRIDWELL. I would like to, if I may, Senator, and if it is agreeable with the chairman, respond in the following way: I would like to provide an answer to that question for the record, but to discuss it a little bit now in very general terms.

The problems associated with relocation or, I think the problems associated with displacing persons and businesses, have been a feature of the Federal-aid highway program that has probably distressed me as anyone that I have to deal with, or that Frank does or any of our colleagues. The concept of making a person whole to me is eminently fair. As a matter of fact, I think justice in the ordinary way that I understand justice requires that you make a person whole.

We have found extreme difficulty in trying to put down on a piece of paper in black and white how you accomplish this. For example, and I tried to sort through examples to test various ways, either by establishing criteria or by attempting to adopt procedures, how you accomplish this. And I do not know how you can handle such things as the elderly couple who have a fair-sized residence, they are retired, they may have a very small pension or may be living on social security and they supplement their income by renting rooms.

Now, under fair market value, they are not going to be able to find, probably are not going to be able to find, another residence in which they can live in this same pattern. I am not sure that the supplementary payment of up to \$5,000 would be significant in that kind of a case at all, because it may very well be that fair market value translates into another residence that is decent, safe, and sanitary by anyone's criteria. Yet they have lost this very important ingredient to their happiness and livelihood; namely, the income from renting two or three rooms.

If on the other hand, you try to figure out how do you go to a system in which you guarantee replacement—well, it get a little bit silly to think about replacement in the sense of reproducing a house, particularly many of the kind that we buy in the highway program, which was built maybe back in the late 1800's or the early 1900's, in which they were large houses with many rooms and large rooms. It would be completely inappropriate to try to reproduce now that type of structure. So how do you get at this kind of thing?

We are not unmindful of it and we are not unsympathetic; exactly the opposite. We are very sympathetic and we just frankly are not smart enough to figure out how you do it.

Or let me give you another example. Whether we like it or not and whether we may say that it is completely unjust, the fact is that for certain people to move into a certain kind of neighborhood, realistically, they pay more for a house than some other people would have to pay. If we come along and take that house at fair market value then it is not being unrealistic at all to believe that we will pay an amount substantially less than that individual paid to acquire the property, maybe only a short time ago. The practical effect is that he may get enough, for example, to pay off his mortgage but not have a dime left over to show for what he believes to be his equity or a dime left over to result in funds for a down payment on a replacement house.

Now, we can come up with all kinds of statistics and we can come up with all kinds of firm criteria and the human vagaries involved in this kind of situation, we frankly are not smart enough to cover all of. At least I know we have not been able to.

Now, that is a long, long way to go about answering your question, but the answer is certainly justice requires that you make a person whole. But how do you do it in our kind of system where we live by laws and we live by administrative criteria promulgated and then we try to require people to systematically follow this.

Another arm of Government says if you write that criteria, you have to follow it, or the person receiving Federal-aid has to follow it. So these are the kinds of problems that are real. They are here, right today. We have to deal with them. We need without question better tools to deal with them.

But I cannot sit here and honestly tell you that your bill or what the Budget Bureau suggested or what we are saying today is going to provide the kind of mechanism in which we can handle all these questions, because I honestly do not believe we are doing them.

Senator BAKER. Mr. Bridwell, I thank you for the elaboration. May I say now that I feel that you and Mr. Turner and your Bureau have been most sensitive and keenly attuned to problems in this field and have done an extraordinarily good job. I agree with you; I think you need better tools.

I also agree that the identification of just compensation is difficult. But I think these bills and the adjustments which are being considered by the committee are to do precisely what you suggest; that is, sharpen the statutory language so that we have more of an approximation with which to do justice than we do by some abstract legal compensation like fair market value. I think if you wish to make a more detailed answer later on, you may, but I share with you the concern that we have to find better ways to go about this.

Mr. BRIDWELL. Senator, without being able to define, without being able to suggest any specific language, I would only make the comment that somehow into this system, regardless of which particular bill is passed, there has to be some kind of flexibility. And in the final analysis, in this kind of an area, we have to allow a little bit more discretion or a little bit more trust in the person actually handling these cases individually than our system normally would allow.

In other words, writing law or writing administrative criteria or procedures which are uniformly applicable throughout the Nation and in all States and to apply to all cases flies flat in the face of the kind of human vagaries which anyone in an administrative agency and involved in this kind of program can cite, instance after instance.

Senator BAKER. May I interrupt just a second? I refer to the extended flexibility which this bill offered and I wonder if you care to make suggestions on how we might give you greater flexibility in order for you to meet the requirements of just compensation. If you do, would you submit suggestions to be considered later?

Mr. BRIDWELL. We will sure try, Senator, because we are equally concerned about it.

Senator MUSKIE. The question is to what extent can you anticipate all of the conceivable hardship cases that the project may generate.

Secondly, to what extent can you generalize each of them and the objectives of these criteria? Man has not yet measured up to that kind of situation. I do not know if he is going to. I would welcome anything you have to offer in accordance with Senator Baker's suggestion.

In your statement you have indicated support for the \$5,000 supplemental payment on the taking of a home over and above its fair market value. Is it really necessary to put a \$5,000 ceiling on it?

Mr. BRIDWELL. May I respond in the context of my personal opinion?

Senator MUSKIE. Yes.

Mr. BRIDWELL. No; \$5,000 has not the slightest thing to do with it. The key to it is how you define "decent, safe, and sanitary."

Senator MUSKIE. Would you give any guess as to how much you would add to the cost if you eliminate the ceiling?

Mr. BRIDWELL. Well, as long as you tie the two things together, you do not add anything, because I believe the words used here are "decent, safe, and sanitary" by modest standards, or something to that effect. The cost goes up or it goes down or it is some place in the middle according to the criteria of what constitutes "decent, safe, and sanitary."

If, for example, you use the definition as used in the 1960 census, then there are not going to be very many cases in which you even use the \$5,000. If, on the other hand, you define "decent, safe, and sanitary" in the sense of a dwelling that each individual in the family must have a decent bedroom and a decent bath, then it is perfectly obvious that the cost is going to go sky high. Those are the ridiculous extremes. So the \$5,000 per se is not really a meaningful criterion. The critical element in the phraseology is decent, safe, and sanitary by modest standards.

Senator MUSKIE. The \$5,000 figure strikes me as representing an excess of caution by administrators who are concerned about open ended commitments. But I can understand this origin. I do not criticize it. It really strikes me that it is kind of a hard and arbitrary line you can draw between justice for one group and injustice for another.

Mr. BRIDWELL. I think it goes back to the same problem that is a philosophical problem, Senator, that we have either discussed directly or worked around the edges of. It is this problem that in our society, we require or it has been our practice certainly to require very specific kinds of law, administratively established criteria, and procedures. Then somebody else comes along and says, "Ok, now, this is what you said you were going to do and how you were going to do it." Then they check very carefully to make sure that you did it that way.

Senator MUSKIE. One of the reasons you do it that way is so that Congress can have something to raise hell about with the Department.

I have one more question the staff has prepared. I think, rather than take the time to read it, since it is a two-page question, I will submit it to you.

It asks, for example, after the rhetoric, for all the rules, regulations, and other instructions related to relocation programs in the Federal-aid highway program, including bringing up to date the data on State programs contained in the recent highway report; secondly, provide separate information with respect to all negotiations and other matters pertaining to land acquisition and so on, and the value of acquisition; and thirdly, provide us with samples of specific cases involving

land taking as worked out by the staff to show us the original offer of the purchase, the amount offered when the case went to the court and the amount the court awarded.

I think that kind of information will be useful in the record.

Mr. BRIDWELL. We will be glad to provide it for the record, Mr. Chairman, and I will have my associates in the office get in touch with your staff to work out the specific types of information you want.

Senator MUSKIE. Thank you, very much, gentlemen. I appreciate it.

Mr. BRIDWELL. Thank you.

Senator MUSKIE. I understand we are going to have a vote about 11:15 and it is now about 11:15. We shall at least call our next witness to the table. If we have to leave, excuse us for a few moments.

Our witness represents the Department of the Army, the Chief, Office of Engineers, Mr. Loney W. Hart.

Mr. Hart, would you identify the men with you?

STATEMENT OF LONEY W. HART, CHIEF, LEGISLATIVE SERVICES OFFICE, DIRECTORATE OF REAL ESTATE OFFICE, CHIEF OF ENGINEERS, ACCOMPANIED BY ROY MARKON, CHIEF, ACQUISITION DIVISION; HENRY V. SAUNDERS, ASSISTANT CHIEF, MANAGEMENT AND DISPOSAL DIVISION; MARK S. GURNEE, CHIEF, OPERATIONS DIVISION; AND THERON C. RILEY, PLANNING DIVISION

Mr. HART. Mr. Chairman, members of the committee, I am Loney W. Hart, chief of the Legislative Services Office, Office of the Chief of Engineers, Department of the Army. The Department of the Army has been designated as the representative of the Department of Defense for this legislation. I represent the Department of the Army for that purpose.

I might say I have with me four members of the Corps of Engineers, also, Mr. Roy Markon on my right, who is Chief of the Acquisition Division of the Chief of Engineers; and Mr. Saunders on my left, who is Assistant Chief of the Management and Disposal Division. At the conclusion of my statement, they will be available to answer detailed questions in their respective fields by your committee.

Senator MUSKIE. Thank you very much.

Mr. HART. I have a prepared statement which I would like to present to the committee. This statement is respectfully submitted as constituting the views of the Department of Defense on S. 698 as requested by this committee.

The purpose of this bill is to achieve the fullest cooperation and coordination of activities among all levels of government. Provisions are made to: (a) improve the administration of grants-in-aid to the States; (b) permit provision of reimbursable technical services by the Federal Government to State and local governments; (c) establish coordinated intergovernmental policy and administration of grants and loans for urban development; (d) provide for periodic congressional review of grant-in-aid programs; (e) authorize the con-

solidation of certain grant programs; (*f*) provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs; (*g*) establish a uniform relocation assistance program, and (*h*) establish a uniform land acquisition policy for direct Federal and federally aided programs.

The Department of the Army, on behalf of the Department of Defense, is generally in accord with the major objectives of the bill as stated in its title. The need for cooperation and coordination of activities among all levels of government has assumed increasing importance in recent years. This is most evident to this Department with respect to the civil works program administered by the Corps of Engineers. In this connection, interagency coordination has long been established as a prerequisite to the comprehensive planning and development of the Nation's water resources.

The provisions of this bill for the most part pertain to Federal grants-in-aid and federally assisted programs which do not materially affect the responsibilities of this Department. As to these, it is proposed to comment only briefly. The major interest of the Department of Defense relate to the provisions of titles VIII and IX which will be discussed in detail.

Title I sets forth definitions of various key terms referred to throughout the act. These, in general, appear adequate except as to "displaced person." Subsection (5) of section 113 appears to be a catch-all definition to include all persons displaced who are not included in any other definition. However, the proviso excludes all tenants or licensees who are required under their agreement to remove their property at their own expense. Taken literally, this would exclude practically all tenants and licensees, since the normal lease invariably contains such a provision. The intent of this proviso is not clear. Accordingly, it is recommended that either this proviso be deleted or that a more definitive clause be substituted.

Title II deals with the grants-in-aid of the Federal Government. The Department of Defense defers to the views of the agencies responsible for the programs which would be directly affected by the provisions of this title.

Title III would authorize Federal agencies to provide specialized or technical services to State and local governments on a reimbursable basis, pursuant to rules and regulations to be established by the Bureau of the Budget. The authority granted would be in addition to, rather than in lieu of, existing authorities. The Department of Defense has no objection to this title.

In title IV, the apparent intent of section 401 is to insure that all Federal agencies involved in urban activities shall give adequate consideration to the tenets of good planning. The President would be authorized to establish rules and regulations to this end. The Department of Defense assumes that the provisions of this section would apply to only those projects, programs, and facilities to be located within urban areas or to be undertaken as integral components of urban area plans. This would seem to be a safe assumption, in view of the fact that the President already has adequate authority to estab-

lish any rules and regulations required to insure the proper planning of nonurban public works. For example, policies and standards for water resources development activities are established pursuant to the provisions of the Water Resources Planning Act of 1965, and it is obviously not the intent of section 401 to supplant the requirements of that act.

Section 402 would indicate it to be the intent of Congress that Federal loans, and grants-in-aid shall be made, in general, to "units of general local government," rather than to "special-purpose units." In carrying out the civil works program of the Corps of Engineers this Department finds it desirable in many instances to work with interstate compact commissions, metropolitan water and waste disposal districts, conservancy districts and other such entities, and it is assumed that it is not the intent of section 402 to require the abandonment of the traditional relationships in programs other than those in which Federal grants-in-aid are made available for activities to be carried out within urban areas or as a part of urban plans.

Title V would provide that all future programs of grants-in-aid from the Federal Government to two or more States or to their political subdivisions, for which no expiration date is specified by law, shall expire not later than June 30 of the fifth calendar year which begins after the effective date of the enactment of such program. In addition, title V provides a specified means of congressional review and oversight and for continuing studies in grant-in-aid programs by the Comptroller General, and upon request of the appropriate congressional committee, by the Advisory Commission on Intergovernmental Relations.

The majority of the grant-in-aid programs administered by the Department of Defense, which include direct research grants authorized by Public Law 85-934 (72 Stat. 1793), are excluded from periodic congressional review by the language of this bill. Since the provisions of title V would apparently have no material affect on the military departments, the Department of Defense defers to the views of the other Federal agencies more directly concerned.

Title VI would provide certain authorities to the President for the purpose of consolidating grant-in-aid programs. This title concerns primarily programs under the jurisdiction of other Federal agencies, and accordingly, the Department of Defense defers to the views of those agencies.

Title VII would amend the Federal Property and Administrative Services Act of 1949, as amended, by adding a new title—"Urban Land Utilization". This prescribes a uniform procedure to be followed by the General Services Administration in respect to acquisition, change of use or disposal of real property located within urban areas. In general, it would require that such actions be consistent, to the greatest extent practical, with the local zoning, planning, and development practices. Since a change in use of military property, even where this involves curtailment or closure of an installation, would normally be accomplished by the Department of Defense without any action on the part of the General Services Administrator, the restrictions imposed by the title would not, in most cases, impede the operations of this Department. For this reason, the Department of the Army, on behalf

of the Department of Defense, defers to the views of the General Services Administration.

Senator MUSKIE. Before you get to title VIII, which I think we will discuss at some length, I would like to return to your discussion of the definition in section 113, which you interpret as excluding all tenants or licensees who are required under the agreement to remove their property at their own expense. I think that subsection 3(a) and (4) certainly covers tenants as well as owners. It seems to me that your comment really had to do with the proviso at the very end of section 113.

Mr. HART. This is true. Actually, Mr. Chairman, it was the proviso that seemed to cause the confusion. Without the proviso, there would be no problem. That is why we recommended deleting it.

For instance, in other sections of the bill, we deliberately provide for tenants and in connection with the acquisition and payment for improvements of tenants. Now, this is what really generated the so-called railroad lessee problem, because the licenses of these people on the railroad rights-of-way had a provision which stated that upon termination of the license, you must remove all of your improvements within 30 days. Well, this is one of the conditions which this bill was desirous of protecting and we just thought that this proviso would in effect almost knock it out.

So we were suggesting that really, the proviso be deleted and then I think everything would be clear.

Senator MUSKIE. This is the first time I focused on that proviso. I would gather that the staff intended it to cover people who store property on premises.

Mr. SMITH. It is the intent of this proviso to exclude from coverage as displaced persons, entitled to relocation payments and services, persons whose property is maintained on the premises of another under a leasing or licensing arrangement, such as a jukebox or vending machine firm, which would be obligated under the terms of the lease or license to remove the property from the premises. This definition has no connection with the provisions of section 903 which provide the basis for compensation of lessors for their property located on land owned by another, as in right-of-way cases referred to.

Mr. HART. Mr. Chairman, perhaps we can discuss it with the staff afterwards. I can only say that from the exact language there, it merely says the owner of property on the premises of another under lease. Generally, this would be our problem.

Senator MUSKIE. I would agree with your interpretation of that language standing by itself. I am glad you called it to our attention. It certainly should be corrected. It was not intended to be as broad in its effect as you fear it might be.

Mr. HART. This was only intended as a minor item of calling this to your attention, sir.

Senator MUSKIE. I understand, but it was rather startling. We had encountered that difficulty before and we thought we had taken care of it. This is why these hearings are useful.

Proceed, Mr. Hart, to title VIII.

Mr. HART. Title VIII would provide a uniform policy under regulations established by the President, for the fair and equitable treatment of owners, tenants and other persons displaced by the acquisi-

tion of real property in Federal and federally assisted programs. This policy is to be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

The Department of Defense subscribes to the principle of reimbursing owners and tenants for their expenses and losses resulting from displacement made necessary by public works projects, and also to the desirability of establishing uniformity of procedures to the extent practicable.

The military departments, since 1951, have administered a similar program pursuant to section 2680 of title 10, United States Code. This authorizes payments to displaced owners and tenants for actual expenses, losses and damages incurred as a direct result of moving by reason of the acquisition of their property; total payments are limited to 25 percent of the values of the land acquired. The experience of this Department is that this law accomplishes the objective of affording reasonable financial assistance to displaced persons.

Title VIII would, in effect, expand the existing requirements to place primary responsibility on the acquiring agency to provide all forms of social and economic relief. The imposition of the collateral requirements by this proposal might, as a practical matter, often result in costly delays or preclude the accomplishment of land acquisition programs to meet defense missions. However, it is the view of this Department that title VIII, while administratively burdensome, presents a workable system, provided it is amended in certain aspects. Comments will be confined to those sections recommended for modification.

Section 802(b) provides that under certain circumstances, a displaced person who moves or discontinues his business may elect to accept an optional payment of up to \$5,000. We understand that the intent of this optional payment is to cover both (1) the cost of moving, and (2) a readjustment allowance payment to assist small businesses in making up for the economic impact of displacement.

If this is in fact the intent, we recommend that section 802(b) be revised to treat these two purposes more clearly by providing for two separate payments; one for actual moving expenses and one for economic readjustment. Accordingly, section 802(b) should be amended as follows: Delete the first sentence in section 802(b) beginning on line 19, page 33, with the word "If" and ending on line 2, page 34 with "lesser." Substitute the following for this sentence: "In addition to the payment authorized by subsection (a) of this section an additional payment is authorized for any displaced person who moves or discontinues his business: *Provided*, The average annual net earnings of the business are less than \$10,000 per year. This payment shall be in an amount equal to the average annual net earnings of the business or \$2,500, whichever is the lesser."

Section 802(c) (3) provides that an additional payment of \$300 be made if the displaced person purchases a dwelling as his residence within 1 year from the date of displacement. This is an optional lump sum payment to cover closing costs and miscellaneous expenses for the acquisition of a replacement dwelling. The amount is not considered unreasonable in view of current market conditions. It is an item

which this Department, under existing regulations, allows not only as to dwellings, but also as to replacement in kind of all types of real property.

Section 802(f) would make all functions performed under section 802 subject to the provisions of the act of June 11, 1946, and to judicial review. The primary purpose of section 802(f) is to give recognition to the principle that the payments authorized by section 802 should be viewed as rightful compensation of persons displaced by Federal programs. The need for this provision would appear to be more theoretical than practical. The Department of Defense has during 17 years administered thousands of applications for payments for relocation costs under its broad authority (10 U.S.C. 2680) with a negligible number of appeals from displaced individuals to the Department. We believe that the objective of this provision can be achieved by making clear that the provisions of section 802 as regards relocation payments would represent congressional policy and that the heads of agencies would be responsible for its faithful execution. For the language now in section 802(f) we recommend substituting: "Any person aggrieved by a determination as to eligibility for a payment authorized by this section, or the amount of a payment, may have his application reviewed by the head of the agency, whose determination shall be final, and no provision of this section shall be construed to give any person a cause of action in any court."

Senator MUSKIE. May I ask this question? You say the need for this provision would appear to be more theoretical than practical. Do you intend to indicate by that observation that, in your judgment, it would be little used?

Mr. HART. Our intent is to point out that from our experience, we do not think it would be really necessary. We do not believe there would be that many disputes. Of course, under our present authority, we pay for actual expenses incurred. These are realistic figures and they can be proven or documented. We have taken a very liberal view in our regulations as to the items covered. We have endeavored to cover practically all actual expenses.

Now, of course, these do not include, as we now might have, intangible or indirect damages that a person might suffer, but only any actual moving expenses. So as an illustration, we have checked just recently our last 2 years of figures and in some 3,900 applications for payments that have been processed, we have only had 47 actual, you might say, appeals and these were not all appeals per se. That included requests for guidance from the field offices, it included inquiries as to whether things could be allowed. Actual disputes, we have had relatively very few. So in this case, we think that you do not actually have to have a judicial review, or rather, if you had, there would not be too much requirement.

Senator MUSKIE. The reason I put the question as I did is that it would not be as easy as you may think to eliminate this provision of the bill. It was certified in the last Congress as a result of very strong representation by a member of this committee. It would be difficult to eliminate it, so I wanted to know to what extent would it be used. Would it be burdensome, would it flood us with a long line of litigation? Is it the kind of thing that perhaps might be salutary by its presence in the bill?

Mr. HART. If I may just make a comment, Mr. Chairman, in our what we call Resettlement Act, there is not such a provision, of course, for judicial review. The question might come up as to, if there were, might that not be an incentive further to encourage that, whereas when you are dealing with strict factual evidence as to cost, your issues are more clearly defined. In this case, if it were set up as a judicial review and everything would be tried de novo, there is no telling where it might end.

Certainly the implications as to the Administrative Procedure Act, if this were developed to its fullest extent, would become extremely burdensome by reason of the details involved, whether they were appeals or not.

Senator MUSKIE. I suggest you may wish to exercise your persuasive powers with the other members of the committee.

I have to go vote, but I will be back as soon as I can. I am glad you have gone as far as you have in your testimony. I think we can proceed fairly expeditiously when I return.

(Recess.)

Senator MUSKIE. Proceed, Mr. Hart.

Mr. HART. Section 803(a) provides that each acquiring agency shall establish a relocation assistance program offering services enumerated in subsection 803(c) for both displaced persons and others occupying adjacent property deemed adversely affected. While the need for such services is fully recognized, there exist many agencies at all three levels of government which specialize in the various essential assistance programs and which have trained personnel to perform such functions. It is the preference of this Department that the primary responsibility for providing these comprehensive economic and social assistance programs remain within those agencies currently equipped to handle the same.

In any case, the expansion of these assistance programs to include persons occupying adjacent properties is considered impractical to properly administer in view of the innumerable and variable factors essential to a determination of adverse effect resulting from a specific project. Accordingly, it is recommended that the last sentence of section 803(a), beginning with the word "If" on page 38, line 18, be deleted.

Section 803(c) enumerates and describes the services and assistance programs to be provided. In order to assure flexibility and consistency with other administrative provisions of this act, it is recommended that this subsection be amended on page 39, line 6, by inserting after the word "include" the words "to the maximum extent practicable."

Section 803(c)(2) would require Federal agencies to assure the availability of adequate substitute dwellings within a reasonable period prior to displacement. It also provides for a waiver of this requirement in periods of national emergency proclaimed by the President.

This Department views with great concern the serious impact the requirements of this section may have on Department of Defense programs. A strict interpretation of this provision appears to make mandatory that the acquiring agency actually provide or be satisfied that there is available decent, safe, and sanitary housing prior to displacement of individuals. Adherence to this condition could, in some cases, result in serious delay of urgent national defense projects. The Bureau

of the Budget, in recognition of this problem has recommended this provision be amended by deleting the balance of section 803(c)(2) beginning with "such assurance" on line 18, page 39, and substituting the following: "the President may prescribe by regulation situations when such assurances may be waived; * * *." This Department concurs with the proposed change.

Section 804 provides that when lands are acquired by a State agency for a Federal public improvement project, such acquisition shall be deemed to be an acquisition by the Federal agency having authority over the project for purposes of providing relocation payments, assistance, and assurances. It is assumed that the purpose of this provision is to assure relocation assistance for individuals displaced when local interests provide the necessary lands for Federal projects, as in the case of navigation and flood control projects. Under existing statutory authorizations, a prerequisite for initiation of a local cooperation project is that the local interests furnish, without cost to the Federal Government, necessary lands, easements, and rights-of-way. It has been the view of this Department that any cost expended for the displacement of owners and tenants in this connection was an incident to the land costs to be borne by the locality. The Bureau of the Budget has recommended this section be amended to place primary responsibility on the local interests. This Department concurs in this proposal.

Section 805 provides authorization to the President to make such rules and regulations determined necessary to carry out the provisions of the act and also prescribes minimum legislative guidelines. This Department is generally in accord with these provisions subject to clarification of the several subsections as hereinafter stated.

Section 805(a)(2)(A) stipulates that the displaced person is to be paid for actual and reasonable expenses in moving himself, family, business, or farm operation, and as to a farm, the expense of locating a replacement farm. No reason is apparent for limiting this benefit to farm operations. Therefore, it is recommended that this subsection be amended on page 42, by deleting the phrase "in the case of a farm operation" commencing on line 5, and by substituting "property" for "farm" on line 7.

Section 805(a)(2)(B) stipulates that if personal property is disposed of in lieu of moving it and is later replaced at the new location, the owner shall be paid an amount equal to the moving costs. The underlying objective of this provision is to authorize payment of the difference between the sale price and the cost of comparable replacement property, but not in excess of the cost of moving. However, as presently drafted, the owner would be entitled to an amount equivalent to the full cost of moving irrespective of any difference between the disposal and replacement amounts. Consequently, with respect to standardized items of property, they could invariably obtain an unwarranted windfall. It is recommended that this subsection be amended by deleting the remainder of the paragraph following the words "such property" on page 42, line 10, and substituting the following: "with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Section 810(a) would repeal existing laws relating to payment of moving costs and make the provisions of title VIII immediately effective upon the enactment of this act. This is highly impractical since it would leave all agencies without any guidance pending issuance of regulations pursuant to section 805. Additionally, many States will require enactment of enabling legislation for compliance with the act. It is suggested that a new section should be added to this title to provide for the effective date of this title. This amendment is necessary to provide sufficient time for the assignment of responsibility and for drafting of regulations for direct Federal programs and to allow State and local governments sufficient time to make necessary changes in their laws and possibly their constitutions to permit the agreements required as a condition of Federal aid. We recommend the new section 811 should read as follows: "This act shall become effective 180 days after enactment, except that sections 807, 808, and 810(a) (4), (5), (6), (7), (8), (9), and (10) shall become effective 3 years after enactment; *Provided*, That, commencing 180 days after enactment, the provisions of sections 807 and 808 shall be applicable with respect to any contract, grant to, or agreement with a State agency, where such State agency is able under State law or local ordinance to agree to the requirements set out in section 807(a) and the provisions of law governing relocation payments and assistance otherwise applicable to the provisions of Federal financial assistance to such State agency shall be superseded by this act."

Title IX would prescribe uniform policies for the acquisition of real property for Federal and federally assisted programs. This Department is in accord with the general objectives of title IX, which, for the most part, coincide with established policies. However, it is believed desirable to amend certain of these provisions for purposes of clarification, permitting greater flexibility and more fully protecting the Government's interest.

Section 901(a) (3) provides that prior to negotiations with land-owners, the head of the Federal agency will establish a fair reasonable price for the property and make a prompt offer for the full amount so established.

It is understood that the intent of this provision is to assure that the acquiring agency will reimburse owners in an amount which is fair and reasonable, commensurate with the appraised value of the land, and arrived at through mutual negotiation. If this interpretation is correct then these provisions would not be in conflict with the present policy of this Department.

On the other hand, if the agency is to establish a fixed amount as the fair price for the property, and may not offer less, it may be equally inappropriate for the agency to voluntarily pay more than the fair price should the owner refuse to accept the fixed amount. This will result in reverting to a one-price policy, utilized by this Department prior to 1961. The current negotiation policy was adopted as a result of the enactment of section 301 of the Land Acquisition Policy Act of 1960. An opinion of the Department of Justice was that Congress intended for the Army to engage in actual, practical, and realistic negotiations, taking into consideration all of the flexible factors considered in normal transactions by a willing seller and a willing buyer. The objective of this policy is to acquire land at a fair

and reasonable price as that term has been defined by judicial decisions and legislative pronouncement. It is not intended to pay less than just compensation and no offers are to be made to landowners which, if accepted, would not be just and reasonable. This policy has received general public acceptance as being fair to the individual landowner and to the Government; and it has reduced, drastically, the necessity to revert to condemnation litigation in the Federal courts.

Section 901(a)(10) provides that if the acquisition of a part of a property will leave an uneconomic remnant, the entire property should be acquired. It is recommended this subsection be deleted. As a general rule, this merely reflects sound real estate practice whenever the amount of severance damages closely approximates the value of the whole. However, unless expanded to provide further guidance, implementation will be difficult. For example, who determines the remainder to be uneconomic? Is the basis of use the same or different? Is the acquisition of the whole property to be with or without the owner's consent and irrespective of the project need? Is the procedure the same for multiple ownership as for one owner? Is there any variance between direct purchase or condemnation? Because of the many variable factors involved, each case should be resolved on the individual conditions.

Section 901(a)(11) provides that any agency in fixing boundaries for a public improvement should take into account "human considerations" including social and economic effects on persons in the area. This subsection is so broad and tenuous in nature that it would be impractical, if not impossible, to develop feasible project plans and programs on such basis. It is recommended that this provision be either deleted or amended to more clearly define the purpose.

Section 903(a) would require any Federal agency acquiring an interest in land to acquire a like or greater interest in all buildings, structures, and improvements comprising a part of the real property which are required to be removed or which will be adversely affected by the public use. The intent of the requirement to acquire improvements "adversely affected" is not clear and does not appear to serve any purpose. It is recommended that subsection (a) of section 903 be amended on page 53, line 16, by placing a period after the word "land" and deleting the remainder of this paragraph.

Section 904 provides that an acquiring agency shall reimburse the landowner for all reasonable expenses incidental to the transfer of title to the Government. This Department has no objection to this proposal. However, accurate information is not always available at the date of closing. Accordingly, it is recommended that this section be amended by deleting "not later than" on page 55, line 3, and inserting the words "as soon as practicable after."

This concludes my statement, Mr. Chairman, and I will be pleased to answer any questions you may have on this matter.

Senator MUSKIE. I appreciate your statement and detailed comments, observations, and recommendations. We will study them all closely. I doubt that we can get into them all today.

With respect to the discussion of section 901(a)(10) on page 15, it provides that if the acquisition of a part of a property will leave an uneconomic remnant, the entire property should be acquired. You object to that as unrealistic. I do not see that it is any bigger or more

difficult to administer than the one you describe as a sound administrative practice; that is, that the full property be taken where the amount of the severance damage closely approximates the value of the whole.

We are both getting at the same problem. Obviously—at least it seems obvious to me—you consider it an equitable situation to acquire the taking, so the question is what is the best way to approach it. I think perhaps we both have clearly in mind the kind of situation that we are trying to get at. But I think closely appropriating the value may not necessarily reach all the inequitable situations.

Mr. HART. Our recommendation or suggestion, Mr. Chairman, was directed primarily to the fact that this may be considered mandatory. I think you are correct that we are both thinking of the same thing in connection with severance damages or where you take so much of the man's land that he cannot really use it for anything. Our policy has always been that not only for the sake of the owner, but also just for good business, in a severance damage case of taking a part, you are going to pay for the whole, so it has been our practice to acquire the entire tract to avoid the extensive severance damages.

On the other hand, when we read this, we are not really certain that this was meant to be mandatory, that we would have no discretion, because lots of times, we might be acquiring a piece of property and the owner—it may not be an economic unit, but maybe the owner desires to retain it. It might not be our desire at all one way or the other. If you read this strictly as a mandate, then regardless of the owner's desires, we would have to acquire it. This was all we were trying to direct attention to, that it should be flexible. I think you will find this runs through most of our statement.

Senator MUSKIE. If the bill requires it, it would result in an inequitable situation.

Mr. HART. That is correct. And I think if there is a severance, I think under the existing interpretation of the court on severance damage, we would be paying for the whole whether we took it or not.

Senator MUSKIE. It may be that in your administration of that principle, you have been more humanitarian than other agencies. We are trying to find a test here that will insure equitable treatment whatever the agency and program.

Mr. HART. Mr. Chairman, we are not objecting to the principle at all. We are only worried about whether or not there is room for both parties to have a say.

Senator MUSKIE. I understand. I think perhaps we ought to try to work out some language here. I do not think we are in disagreement as to the objective at all.

Mr. HART. I think, Mr. Chairman, that most of our recommendations have really been based on not in any way objecting to the policies or principles. It is a question strictly of administration, that we do not get ourselves boxed in so that in our desire to do it one way, we are unable to avoid equally inequitable situations. As was said in earlier testimony before me, we cannot foresee all of these situations; therefore, the Department of Defense basically has simply said, let us make the rules flexible. We will have uniform rules and regulations. Certainly within those rules, there is that latitude.

Senator MUSKIE. That is my feeling about the thrust of the testimony, Mr. Hart. It reflects a great deal of experience in this field and,

I think, humanitarian concern, so that we have recognition of that particular value.

Just one other problem I would like to touch upon. It is on page 11. This is with respect to navigation and flood control problems.

You have raised the problem that has really not occurred to me with respect to this question of 100-percent Federal funding of relocation costs. It runs counter to the policy which is stated there, of leaving these kinds of projects regarding land costs as a local contribution.

Is that right?

Mr. HART. Mr. Chairman, I think that, I believe you are familiar with the navigation projects under your Rivers and Harbors Act. This requirement, I understand, has actually been in being since the 1936 Flood Control Act where we had what was loosely termed the ABC requirements, two of which are that the local interests will contribute lands, easements as required for the project, and No. 2, will hold the United States free and harmless from all claims.

Now, this is not really a grant-in-aid or something like that. It is really considered a contribution and has been more or less one of the underlying features of our local cooperation projects.

Senator MUSKIE. In effect, this bill would change the formula for sharing.

Mr. HART. It certainly would. It would, in effect—I do not presume to be getting in over my head. This is not my field. But it could affect the cost-benefit ratio. I have a representative of our Civil Works Planning Division here if the committee desires to explore it further.

Senator MUSKIE. We might at least invite a comment from him at this point.

Mr. HART. I have Mr. Riley here.

Senator MUSKIE. We will have a sufficient discussion of it in the record.

Mr. RILEY. I think Mr. Hart has explained it rather completely in that this is part of the cost that we normally require of the local people, which is in agreement with the Flood Control Act of 1936 as it has been amended. So it is really not a grant or an aid. It is a requirement which we feel local people should make toward the improvement which we are providing for their protection.

Senator MUSKIE. Do you make any effort to concern yourself with relocation problems that may be involved in the taking of lands in connection with test projects?

Mr. RILEY. This is a requirement that we ask the local people to do. They have the responsibility for it.

Senator MUSKIE. So you have never tried to second guess them or check them on it?

Mr. RILEY. No, sir; this is their contribution to the project.

Senator MUSKIE. Of course, the local interests could conceivably be ruthless about it. That is the question that is troubling me a little bit. Is there any role that you could play?

Mr. RILEY. We do have certain requirements or agreements with these only. This is the part that Mr. Hart might be able to explain, this particular portion of it, better than I could.

Senator MUSKIE. Do you have anything on that?

Mr. HART. Senator Muskie, I might say this in regard to the local cooperation projects. Heretofore, the Department of Defense, in our

previous reports, has not raised this particular issue and we have spoken to it now only by reason that the Bureau of the Budget has asked a similar question and asked us to bring it up.

Senator MUSKIE. The Bureau has submitted suggested language?

Mr. HART. Yes, sir; and we, of course, concur in it. I think our experience has been, why we have not been too concerned is that our navigation projects are primarily widening or deepening waterways. While on occasion, you might find someone living close enough to the bank of a waterway that they might have to move, in general, we have had very, very little requirement insofar as the relocation of people. Occasionally, you might find a business where there are piers or wharfs that might have to move out. But again here, on our navigation waterways on which we operate, we have normally established bulk headlines and pier headlines so that these structures, if they are within the channel, are generally already subject to navigation requirements, against obstructions to navigation, as you know. And they are at sufferance if we allow them at all. So we just have not had too many problems.

However, I might go further and say the reason we have not had too many problems is these local cooperation projects take some time to have authorization. They have public hearings. The local interests in effect generate it and have to support it right up to Congress and to the Committee on Public Works. These problems are apparent. And when there are people displaced, obviously, this comes out in the hearings.

So normally, we have not in these types of projects had much trouble on the displacement of persons and local interests, to my knowledge, have had no real problem.

So from a real estate standpoint, and the Corps of Engineers directorate of real estate is responsible for these types of payments, we have had no real problems over, I know, the last 15 years, anyway.

Mr. RILEY. I might mention that in connection with these items of local cooperation, it has to be a legally constituted body of the State and the State laws would also tend to protect these particular people.

Senator MUSKIE. I think we will include at this point in the record the language of the rivers project, section 804, which is included in the context of the colloquy with the Bureau of the Budget as follows:

SEC. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, the Federal agency having authority over such project may only accept such property in those cases in which the acquiring State agency has made relocation payments, provided relocation assistance, and provided assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency, such payments and assistance to be considered a part of the real property acquisition cost.

Mr. HART. Thank you, Mr. Chairman. I did not put it in because I think my statement is a little bit long. However, since this is a Department of Defense report, I did try to make it a little more detailed, since we have not sent you a formal report.

Senator MUSKIE. It has been very helpful.

Senator Baker?

Senator BAKER. I have no questions, Senator.

Senator MUSKIE. Our next witness is Mr. Bettin Stalling.

I would like to express my appreciation to you for your thoughtfulness to the committee, your graciousness, and your patience in waiting.

TESTIMONY OF BETTIN STALLING, CHAIRMAN, COUNCIL ON COMMUNITY AFFAIRS, FBA, DISTRICT OF COLUMBIA CHAPTER OF FEDERAL BAR ASSOCIATION

Mr. STALLING. Mr. Chairman and members of the subcommittee, I appreciate the opportunity of being here to present the view of the council. My name is Bettin Stalling. I am a lawyer and I live in the District of Columbia. I should like to state some of the areas of my experience in real estate law, homeownership, and appraisals.

I served as counsel for the Appraisal Division of the Home Owners Loan Corp. and the Federal Home Loan Bank Board for approximately 5 years; and approximately 10 years as Chicago regional counsel for the Home Owners Loan Corp., which embraced 22 States. I served as chairman of the Illinois State Bar Association, section on real estate law, and chairman of the Real Estate Financing Division of the American Bar Association. I am a former national president of the Federal Bar Association and appear here on behalf of and as chairman of the Council on Community Affairs of its District of Columbia chapter.

Our council has given serious study to the various aspects of housing and this has involved a consideration of certain provisions of S. 698. The council has concluded that the critical housing situation is at the center of the present crisis in our city, affecting its welfare and safety. The Government's taking and threatened taking, for public use, the homes of owners who do not want to sell, is adding to the turmoil and trouble.

Senator MUSKIE. May I interrupt you, Mr. Stalling. That is another vote. I guess we had better go over and make it and come back. (Recess.)

Senator MUSKIE. Mr. Stalling?

Mr. STALLING. I think I was on the last paragraph on page 1. I state that our council has given serious study to the various aspects of S. 698 and concluded that the critical housing situation is at the center of the present crisis in our city, affecting its welfare and safety. The Government's taking and threatened taking, for public use, the homes of owners who do not want to sell, is adding to the turmoil and trouble. Families are being uprooted and losses are occurring in ever increasing numbers. Most adversely affected, in plain and simple language, are the poor, the elderly, the disabled, and people who do not have the knowledge and capability for learning and understanding their rights. The undeniable fact is that the Federal bulldozer has stirred up distrust and bitterness and racial tensions.

The council believes that widespread individual homeownership is a stabilizing and beneficial influence in the community. Homeownership develops a greater sense of civic responsibility. It gives the whole family a stake in the community. Individual homeownership is proclaimed by the Government as good for the citizen and good for the country. Since the Government has long promoted and encouraged its citizens to purchase and own their own homes, it is the obligation and duty of the Government to foster and safeguard such ownership. Homes are acquired by the poor at great sacrifice, sometimes by all the members of the family. It is important and vital to public confidence and trust in the Government that an owner forced to sell his home for

a public improvement be treated fairly, and be compensated justly. Clearly, he should be no worse off after the taking of his home than before. Equity and justice demand that the homeowner should be made whole in his social and economic affairs to the fullest extent practicable and legal.

The council considers the relocation assistance provisions of title VIII desirable and beneficial. Since any money received is subject to Federal income tax, unless exempted by statute, it is suggested that S. 698 contain an express tax exemption provision. This is to assure that the assistance which title VIII provides will be fully available for its intended purposes.

The council's chief concern is with section 902 which provides that "the fair market value * * * shall" be paid as compensation for properties purchased or condemned for public use.

The council believes that to make the fair market value the sole standard of compensation is unrealistic and unfair as applied to all homes. One of the basic rights under our Government is the right of private property. It is one of the most important rights guaranteed by the Constitution. The last clause of the fifth amendment reads: "* * * nor shall private property be taken for public use, without just compensation."

The council considers that the fair market value is but one of the indicators of just compensation, and should be weighed along with other evidences when determining just compensation.

The fair market value is an appraisal concept, determined by appraisers, and geared to the marketplace. It is arrived at upon the assumption that the particular home property is on the market. But an owner who does not want to sell his home, does not have his home on the market. This is not a situation of determining the amount a willing seller is justified in accepting and a willing buyer is justified in paying for a property on the market. There is no warrant to substitute an appraisal concept of fair market value as the constitutional equivalent of just compensation.

Since the fair market value is a technical appraisal valuation, the services of a real property appraiser must necessarily be engaged. The council observes that the practical operating effect of section 902 would be to place in the hands of appraisers the function of determining the compensation to be paid for all future properties purchased or condemned by all Federal agencies. The unique social and economic circumstances and affairs of a given family in a particular home represent values which appraisers do not include in their limited and technical formulation of fair market value. Many home owners will suffer losses and hardships beyond the assistance provisions of title VIII if the fair market value becomes the maximum compensation for the acquisition. Rather than constituting the maximum, the fair market value should be the minimum, for no one should have his property taken for less than its fair value if such property were on the market.

The council suggests that section 902 be amended to read as follows:

SEC. 902. If the head of any federal agency acquires real property for public use in any State or the District of Columbia, by purchase or condemnation, the amount paid therefor shall be a just compensation as the head determines to be legal and proper so that those whose property is acquired shall not be worse off in their social and economic affairs than they were before the property is acquired.

In conclusion, the cost of improvements for public use should include the amount necessary to put individual homeowners, whose properties are taken against their will, in as good a position as if their homes had not been taken. The expense of doing this constitutes an element of cost, to be borne by all citizens, as are other costs of improvements. This is but fair. And the Government must be the very symbol of fairness. To be otherwise means the Government will continue to lose, not gain, needed public support of its ever expanding improvement programs.

Gentlemen, thank you for the courtesy of allowing me to present the views of our Council on Community Affairs.

Senator MUSKIE. Thank you very much, Mr. Stalling, for your excellent statement.

Our final witness on the final day of these hearings, is Mr. Harry Graham, legislative representative of the National Grange.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE OF THE NATIONAL GRANGE

Mr. GRAHAM. Mr. Chairman, I have a relatively long statement which has been prepared which I would like to submit for the record and try to summarize in less time than I would spend in reading it.

Senator MUSKIE. Fine. It will be included in the record in full.

Mr. GRAHAM. There are some parts of it that I think are particularly pertinent and some which are more or less a statement of fact, but it is generally a very real support of this proposed legislation and gratitude to those who have sponsored it, because this, in our judgment, is an attempt to right a long-existing wrong which we hear a great deal about.

I would say to our friends from the Department of Defense if they were here that they may not have any problems with their takings, but this does not correspond to my correspondence. Some of the people are having problems, to say the kindest thing that could be said about them.

This kind of problem starts when property has to be taken and especially when property is taken that has been in families for a long time, in determining their intrinsic values, and it becomes complicated when no compensating property is available. This frequently happens; not so much in the strip takings for highways as it is in the inundation takings for lakes and that type of project, where you move a whole community, or maybe three or four villages. Then you have a tremendous problem with social relocation, plus the problem of trying to find a comparable property when there is no comparable property. There is such a taking or a suggestion down in Kentucky, at the present time. We are having some correspondence on this, where they would take the most valuable land on all the forks of the Salt River and inundate it. Now, where a property owner could get comparable property in the State of Kentucky is a real problem.

So despite the fact that, as the previous witness pointed out, appraisers have certain rules and one of them is that the fair market price is when a man who is willing to sell but not forced to sell, agrees on a price with a man who is willing to buy but not forced to buy. Well, one of the four factors is absent in eminent domain. The man may not

be willing to sell. So a fair market price, to some extent, can be punitive in this situation.

Other factors come in of the taking of all the comparable property, the fair market price that would be established on the property before the taking began, which is the rule under which appraisers operate, is not possible to accurately determine. He cannot take into account any appreciation of the property due to the projected taking. And I worked for 5 years as a professional appraiser; I know what I am talking about on this subject. Our appraiser is very much bound by what he can do and what he cannot do at this point.

But this just is not adequate nor is it fair to the people who are involved. The previous witness pointed out some of the social implications. Please read what he said on this, because these social implications are pretty tragic sometimes, to say nothing about being important.

Therefore, there has to be another factor brought into this besides just a fair market value. Previously—it has been 5 years since I worked in this field—we were not allowed to make any allowance at all for moving expenses. We could work a little of it into the appraisal, hide it somewhere so the negotiator might have a chance at arriving at a settlement. But you could not itemize it as such. So the man who was being moved had no way of knowing there was any allowance being made for this.

I think the allowances for relocation are reasonable. I would question, though, the \$5,000 limitation on this. I know one man who has been relocated three times due to highway takings—this is par for the course—once now from Philadelphia, another a little farther north in Pennsylvania, and the last time up into New York, where U.S. Interstate 81, took him out again. Well, you do not move a large farming organization—and this was a large operation—150, 200, or 300 miles for \$5,000. It is impossible to do it. There should be some kind of basis on which the total costs of moving—this can become more than the actual cost of a moving van—comes into play. The cost of trying to operate land that is not as good as what you had before is important. If you have good bottom land, you have class one land, this is one thing. But sometimes none of that is available. You take all of your return out, all of your capitalization, and put it on class three land. How much of a loss have you taken at that point? On just your capitalization—you are over capitalized, even on the same amount of land, because it is not as productive.

These are some of the problems that I think you are getting toward in this. I hope that you can do something to expedite this whole proposal in the direction that you are taking.

Now, there are some other factors that enter into this. I just want to throw into the picture this problem of irregularity of takings. This enters into the other question of the remainder of the land. For the Government to be required to take the remainder of the land sometime when it is an uneconomic unit, my experience, would be completely impractical. I have seen uneconomic units of 800 acres, because they were separated from the barns and the buildings. Now, this 800 acres is worth something to somebody, probably the adjacent landowner. It may not be worth as much, because he has it locked in, so the man has no access. So he is in the position to drive the hardest possible bar-

gain. But we compensated for this in our appraisal by putting 90 percent damage against isolated land. It is much better to pay the man pretty close to the value of the land, let it move at a very modest price over into somebody else's ownership, keep the land in the county and in the township, keep it on the tax rolls than to have it go into the Government where the only way you can get it out is by an Act of Congress, as you know. It takes a private bill to move it out. This is just too difficult to do.

We can pay him all right so he has no loss and somebody over on the adjacent farm will pick it up.

Now, if it is just a small amount of land, we believe the Federal Government should pick up the transfer costs. I have seen pieces of land no bigger than that newspaper lying up there, that were left. I have seen them take pieces of land that size, too. These get pretty minuscule.

I have also watched some irregularity of taking where—and I remember a house on Long Island on the interstate up there—which I appraised. The line of taking went up to just about the middle of the house, if you think of it being like a square. Then they moved 6 inches away from the foundation of the house on two sides, went on down the middle of the far side and went on down the line. Now, by any rule of reason the house should have been taken, because no residence is worth anything when you have no land against it, unless you are a townhouse and then you have made provisions for that kind of situation.

Now, this kind of irregularity gives an appraiser and the landlord fits. We could not appraise this one—when we came up to the building, we would allow 60 percent damage and we would go further when they jogged around it like this. But here is something sitting here like a sore thumb that has no business being on the right of way and they have no way of moving it. This irregularity of some of these takings is a problem that somebody could very well deal with so they would run relatively straight lines. It is better for the Government anyway. They get an irregularity and they have the problem of fencing around it and all of the interstates have to be fenced. They had better take the house and get it out of the way, because what they saved was about 30 percent of that house and they left an angry community. This is not the way to run a government, in my judgment.

The negotiating that goes on after the appraiser has conducted his business is a real problem. We were instructed to arrive at the best value that we could. Frankly, our appraisals for condemnation were higher than the same appraisals for tax purposes. We were making the appraisal level that could be negotiated in our judgment.

Now, this is what happens, and this bill deals directly with it. (I do not know whether you knew this happened or not, from somebody who had really worked with it.) But I do know what has happened. In the State of New York, where I worked most of the time, a man came out from the bureau of public roads. He had a little blue stamp about as big as a nickel. He put that down in front of the appraisal and he placed a figure in that. That figure had no relationship to our appraisal at all. This was the negotiating figure. Then the negotiator from the bureau of roads came out. He second guessed this.

They made sight appraisals; they walked down the road and looked at it, and without considering any of the things we tried to take into consideration. These fellows were professional appraisers; I do not mean to imply they were not.

The negotiator who went out there was bound by the negotiating figures. So I had the embarrassment of going down the road where I knew some of the people and putting what I called inadequate damages—one was a case of \$42,000. They offered him \$22,000. At another one where I put \$40,000, they offered him \$28,000. These men were mad as sin at me, because as far as they knew, this was my figure. It had no relationship to my figures at all.

These were five different cases in New York that went to court, and this is an expensive process, because you have to build a whole book of 20 comparable sales as part of your court records. So does the adversary. This is what makes it so expensive. In five of those cases, they settled the claim within a thousand dollars of what my appraisal had been. If they had just offered the fellow the appraisal to start with, they would have saved the court costs, saved a lot of mad people, saved a lot of time, and justice would have been served at the same time.

Now, the only way that they would change this figure was if we would admit we had made an error in the appraisal. Then they would come back with this windshield appraisal and put a different figure on it. But the onus was on the appraiser, not on the fellow who had made the stupid mistake of putting down a figure that was completely irrational. Sometimes I changed the appraisals and sometimes I did not. A couple of times I just got my back up and said, it is your fault, go ahead and solve it to suit yourself.

They became victims of their own rulemaking. In my judgment, the bureaucracy that people fear in Government is not the bureaucracy of the White House or the Congress or cabinet members; it is the bureaucracy way down the line to that fellow who deals directly with the people and deals with him in terms of arrogance: "I have the power and you can do nothing about it."

Some of these fellows will go to the people with small claims and after the taking, that is what you are left with, just a claim. The property is gone.

I want to leave with the committee some testimony on another bill, 1351, which is over at the Judiciary Committee, which I think could very well be combined with this legislation, because it deals with another problem that comes right at this point.

When the claim is large, a man can afford to get a lawyer who can afford to hire an appraiser and get a book of appraisals developed and take it into court and get that lawyer on a contingency basis of about a third of the increase over the offering. This is standard procedure.

But if the claim is down to \$3,000, \$5,000, he has no prayer of getting a lawyer on a contingency basis. And that person, nine chances out of 10, has no chance of hiring a lawyer on a fee basis and hiring the appraiser at the same time.

So the little people are denied justice. They are denied the due process of law. They are denied all of the things that the Constitution guarantees them when this private property is taken for the general welfare. So what this other bill provides is that in those cases where somebody does take this into the court of claims and the Government

loses their case, the Government pays the cost of the court proceedings on the part of the person who has appealed their decision. This would bring justice back in the picture. I do not think it would create a lot more court cases. I think it would solve a lot of court cases.

Incidentally, I think your legislation here would take a great many cases out of the courts because if they had offered the reasonable price at the first time, this is all it would have taken to get a settlement. When they do not, then people get angry and they go to court. They have a right to go to court. That is what courts are for. I think this bill would restore some of the confidence that people have in the Government. I am getting pretty annoyed at this continual attack on our Government, because I think it is extremely dangerous for Government.

But I am also annoyed at the people who, by their arrogance and by their undue exercise of power, bring this criticism about.

We suggest that where eminent domain proceedings are instituted or negotiations are entered into prior to the taking of whole areas of land in keeping with the Supreme Court decision of informing individuals of their rights in cases of criminal accusations that the individuals who are losing property have a right to a statement in some kind of understandable language, preferably in a printed brochure, of their rights in this case. Most of them do not know their rights as well as the rights of the Federal Government. This would avoid a lot of the confusion. I do not see why this could not be done and done very easily, to the benefit of all concerned.

In terms of the testimony that was given by the Department of Defense, I would like to make a couple of comments on that. A great share of the correspondence I get has to do with the Corps of Engineers and their taking procedures.

We would oppose their suggestions, under section 802 on page 8. I do not think anybody should write into this kind of legislation that no provision of this section shall be construed to give any person a cause of action in any court. This denial of the right of a man to go to court is denial of a pretty fundamental right. If we cannot go to court and have to depend only on the Department of Defense for the judgment, then where is our defense?

We also would oppose their suggestions for amending sections 803(a) and 803(c) where they would include the words "to the maximum extent applicable." This is on the bottom of page 9 of their testimony.

This is an escape clause that is a nothing word, "to the maximum extent applicable." Who determines what is the maximum extent applicable? These are ways out of responsibilities.

The Bureau of the Budget recommendations on 804 we would oppose and we would oppose them especially in relation to the flood control projects.

In 805, the substitution of the word "property" for "farm" might accomplish the same objectives, but frankly, I think you have an awful lot of discontent in the farming community over some of these taking proceedings. I think that you might want to include "property," but I would not exclude "farm." I would want these farmers to know that they were being considered and they are almost special cases. I know I am prejudiced, but I think they are pretty much special cases.

The 3 years after the enactment of this that they ask for seems to be a pretty long period of time for enabling legislation to be passed. There are some States that do not have legislatures which meet every year. So let us give them 2 years. I do not think 1 year is practical. I do not think 3 years is necessary. I think they can get it done before that length of time.

In 901(a) the problem has come up in paragraph 3 of whether or not this offering of the fair market value was a binding offering which could not be changed and sometimes it does have to be changed. I would suggest the addition of the words "at least" in that and then leave some leeway.

The leeway that our negotiators had in New York, as I understood it, was that they could go to the limit of our appraisal plus 10 percent in an attempt to keep it out of court. That plus 10 percent was a pretty good plus and this is sometimes what it took to keep it out of court. And you could not try it for 10 percent anyway. So some leeway should be left in there on this, in our judgment.

I would like also to say that we have—this is not in the bill, but we have had a number of very real complaints about the allocation of the power of eminent domain to State agencies which were not directly involved in these takings to accomplish the auxiliary objectives of State agencies. In particular, we had a good deal of correspondence from the State of Missouri where, after they had taken land in a valley for one of the dams and the inundation for these projects, destroyed a wild life refuge. They therefore gave the power of eminent domain to the State conservation department to go beyond the taking of the Federal Government and take additional land for wildlife refuges that they had destroyed. Now, this seems to be a rather farfetched use of the power of eminent domain on the part of the Federal Government, to be letting somebody else use it. If they were using a State agency to take the land for the dam, this is one thing. But to give another agency the power to take land for the use of a State agency seems to me to be carrying it a bit too far.

The statement was made by the Department of Defense that they have hearings regarding these takings. The problem of how the hearings are advertised and what is made available to the public at the time of the hearings is an important element in decisions of communities whether or not to support these projects. In the highway hearings, we first of all were—we had hearings that showed the general location of the highways. This would be subject to argument; maybe there is a family cemetery or something like that that is involved. I have thought sometimes the engineers made a curve to get a tree, especially if it were a pretty one. But they will make a curve to avoid a cemetery when it is pointed out to them, because this is the last thing everybody wants to get into, moving a lot of dead bodies from a cemetery. This is a complicated legal procedure that I will not go into now, but I will just tell you it is really complicated.

But there are other factors that come into it. But in the final analysis, this man who is losing property—in strip takings this is particularly true—may think about his property line being at a certain level, but unless he knows at what elevation this road is going to be, how much grade there is above him or below him, real critical factors in terms of evaluation of damage, then he is in difficulty at the same time.

The owner of the property or the occupant of the property, should be permitted to go with the appraiser when he makes his appraisal and nobody but an idiot, in my judgment, would oppose him, because he has to get as much information as he can to make a decent appraisal—I have always wanted the man along if he would go along. Inside his house, he must go along, because you are in his most private possession. But at the time the negotiations begin, this man should be offered the appraised value, but he should also be told specifically what is happening to his property in terms of grade changes, and a lot of other things that are involved in this. He should have access to the surveys not only in terms of the limits of the taking but in terms of all that goes on in the relationship to this so he can make some adequate decision about what this means. Because if you go along the side of a hill when that taking is over with, it may look a lot different than he thought it was going to look when he looked at this map and saw that these were the taking lines.

In other words, what we are saying is the fullest possible information should be given to the person whose land is being taken.

I would make one exception to this: I would not reveal the details of the appraisal. A different appraiser will arrive at the same figure by going different routes—not much, but there are differences. I think this gets down into a nitty-gritty thing that will create a great many problems for the appraiser in the community, especially if he lives there, and would really do the other person no great good. The most important information is what are the damages. If they are adequate, this is all really he has a right to know. But he does have a right to know what is being considered in terms of changes in the property while the damages are being considered.

These are comments based on 5 years of doing appraisal in this field. It is just fortunate that in this instance, the National Grange policy and those of this particular witness are in complete agreement, partly because some of the things I told the committee had something to do with the way they develop their policy.

(The complete prepared statement of Mr. Graham follows:)

I am Harry L. Graham, Legislative Representative of the National Grange.

The Grange is pleased to appear before this distinguished Subcommittee of the Committee on Government Operations of the United States Senate in support of S. 698 which was introduced by Senator Muskie from Maine and co-sponsored by the Senators from Washington, Delaware, South Dakota and Utah.

In keeping with the present legislative language, this bill could be called the "Fair Property Rights Law", because it guarantees to the property owner losing property to the Federal government that he will receive a fair, reasonable and just return for this property. The constitutional provision for this has been repeatedly perverted to provide for the lost return which the acquiring agency could negotiate or intimidate out of the property owner. The Grange, and all Americans should be grateful, and we are, to these distinguished senators for again bringing this legislation to the attention of this Committee and through you, to this distinguished body.

This act includes the five titles of the similar bill which were approved unanimously by the Senate in 1965 and then allowed to die in the House would be resubmitted to the Senate. The Grange would have no comment on these except to state that they are well within the Grange's concept of trying to improve the utilization and assignment of such grants-in-aid and their efficient usage once they have been granted.

This bill makes provision for sound management techniques which are always badly in need and of critical importance in the effective use of the overall grant system, and there is no argument from any thoughtful and responsible person against better management of our finances and programs.

Title VI of the new bill is of interest to us as an organization because it does make provision for the consolidation of individual categorical grants within broad functional areas and to affect the inter-agency transfer of administrative responsibility for grant programs, subject of course to the type of congressional veto proviso that governs executive re-organization plans. One of the complaints which we receive from our rural constituency is the difficulty of cutting their way through the tangle of overlapping agencies with vague jurisdictional boundaries. There certainly needs to be something done to clear the air of this confusing situation, not only for the benefit of the constituency and all the members of this distinguished body, but from the standpoint of good business management.

Title VIII of the measure was also passed unanimously by the Senate as S. 1681 in 1966. This title provides for relocation payments for those individuals and businesses which are forced to move as a result of the acquisition of real property for federal and federally assisted programs. It also provides for advisory assistance and the assurance of availability of standard housing as well as federal reimbursement for relocation payments under these federally assisted programs.

This reimbursement suggestion is one which is based on the solid concept of equity. Under the previous rules for condemnation proceedings under eminent domain, at least in the highway takings program in which I was engaged as a professional appraiser for 5 years, there was no consideration permitted for the inconvenience and the cost of moving a business that had been dislocated by these acquisition programs. The best that could be done was to make a little more generous allowance in terms of the damages and hope that they could be negotiated out this way to prevent the maximum of financial loss. As we will indicate later in the testimony, even this was a pretty hopeless gesture, even though those of us who worked on these projects were certain that the whole concept of forcibly moving somebody and making him pay the moving expenses was an offense to our sense of justice.

The allowance of \$100 to \$300 for moving expenses for people whose dwelling has been taken is a modest and reasonable allowance, as is the allowance of \$1,000 which is the maximum which can be allowed for the movement of a farming operation which has been displaced. The movement of the animals and the equipment as well as the furniture on a farmstead is an expensive procedure and the \$1,000 is not beyond the realm of costs under most circumstances.

The granting of assistance to elderly and handicapped individuals in an amount not to exceed a \$1,000 is also within the realm of justice.

The Grange is particularly interested in title IX of this legislation, a uniform land acquisition policy for federal programs. Very frankly, the National Grange each year has numerous suggestions of ways to facilitate the taking procedure and to increase the injustice of the procedure. We are constantly receiving letters from constituents and from those who are not our constituents who plead for our help to either save their property from inundation or destruction or to see that they have equitable and reasonable return for their property. Many of these properties have an intrinsic value far beyond any commercial value. Since this value cannot be satisfied by any kind of monetary payment, at least that which is offered to them and which they are forced to accept should be a reasonable amount.

As I stated earlier in the testimony, I've had considerable experience in this field of preparing appraisals covering the value of and the damage for federal and state acquisitions, primarily as a part of the interstate highway system, but not confined to it. I worked for the Thane Appraisal Service of Binghamton, New York, which contracted with the state of New York for the appraisal of the value of the property and the damage to the property in these takings, and then I later worked for the National Farm Consulting Service of Ithaca, New York, a firm which usually worked for the person who was losing the property.

I would tell you that the experience of working for the latter was considerably more satisfactory than the ones which I had as I worked for the state of New York which was acting as an agency for the Bureau of Public Roads of the United States government. The procedures which we followed will indicate the reason for my dissatisfaction with the employment by those who were taking the land and the reasons for my raising some serious ethical and moral questions which apparently have been raised previously, or this legislation would not have been introduced.

Briefly, the procedure which we followed was to establish land values, measure and type the buildings and calculate the cost of reproduction, and on the basis of comparable sales and fixed land values, we would then figure the depreciation

on the buildings to find the market value of the property. After that, we figured the value of the takings on the same basis that we had figured the value of the property and then estimated the damage to the remainder of the property which was altered by these takings. These were many times strip takings and frequently divided the property and quite often left the property owner without access. Most of these takings were for non-access highways to a part of the property so if there was not a road or right of way into the back side of the farm, where the taking was a strip taking which would go behind the barn and yet separate most of the land from the buildings, then this land was of no real utility to the farmer because he simply couldn't get to it. If sold, it had to be sold without access which meant that it could be acquired by property owners with adjacent property at a disaster price level.

After the appraisals were completed and the damages had been figured, these were always checked by supervisors from the appraisal company, and then turned over to the claims department for the New York State government, who were in charge of the negotiations.

One of their men would come to the project and take the appraisals one by one and drive down the road and place a blue stamp on them and put a negotiating figure within the circle of this stamp which was the basis upon which the negotiator who came along later were to operate and the figure which they were not permitted to exceed. This figure might have little or no relationship to the appraised value to which we had put on the property or to the damages which we had determined had been inflicted against it. The only way this figure could be changed was for the appraiser to state that there was an error in the appraisal, re-figure it and re-submit it. Then the procedures permitted change.

This figure, along with the total appraisal, was checked by an agent of the Federal Bureau of Public Roads who could put a different negotiating figure on the case if he cared to, but both of these were binding upon the negotiators.

The result of this procedure was that frequently property owners were offered less than half of the damages which we had concluded were the basis for a fair settlement for the property owner. The personal problem involved in this was that when the appraisals were being made in the areas where the appraiser was known, he became the community outcast because these people thought that the price which was offered them as a negotiating figure was what the appraiser had determined and we were not privileged to disabuse people of this misconception.

Negotiators have various attitudes towards the public with whom they work, but it is a relatively open secret that they are instructed to obtain this property for as small a consideration as can be negotiated. On the face of it, this sounds like good business, and if it was business between individuals or individuals and corporations where the seller was not forced to sell it would be. However, by definition the condemnation proceedings violates the concept of the fair market price which is usually defined in appraisal journals and manuals as "the value at which a man who is willing but not forced to sell can agree on with a purchaser who is willing but not forced to buy". Obviously, where condemnation proceedings have taken place and the right of eminent domain is being exercised, one of the four conditions of this formula is absent since the seller, at least theoretically, is being forced to sell against his will, and in most instances this is not only theoretically true but it is practically true.

At some point in the procedure, the government or its agent files the condemnation proceedings and surveys, and the property then belongs to the government. The previous owner is left with a claim, and it is the claim which is negotiated.

In cases where there are substantial amounts of money involved, then the obvious recourse of the individual is to place his claim in the hands of a lawyer who is skilled in the negotiating of the subjects or who also is skilled in the presentation of these cases before the appropriate courts. In cases where the amount in dispute is from \$10,000 up, and certainly when the amount is in excess of \$20,000, the ability to get a competent lawyer who will also bear the cost of the procedure which means the hiring of an expert appraiser for his purposes, can be done on a contingency basis. This means simply that the lawyer will take a share of the increase that he is able to gain for his client over the original offering. This usually amounts to a third of the settlement.

Let's look at two instances of how this operates. In one, route 81 of the Interstate System cut off a farm immediately behind the barn and missed the corner of a new barn by only six inches, leaving the rest of the land either

inaccessible or more than six miles from the barn by way of the nearest underpass. I placed damages on this farm at \$44,000. The negotiators offered them \$28,000, they took it to court, asking somewhere around \$60,000 according to my recollection and after the whole period of litigation was completed the judge awarded the man exactly what I had previously indicated was a just and fair figure. In another instance, where route 17 was being widened west of Horseheads, New York, we put an appraised value of the land and the damages at \$55,000. The owner was offered \$28,000. The owner sued for \$75,000 and the judgment of the court was \$55,000.

The foolishness of this is all the more apparent when the procedures which precede a trial in the Court of Claims are known. Not only is the regular appraisal used, but it is also necessary to develop a "book" of appraisals of comparable property which was sold in the area during a representative recent period. This then means that all these other properties have to be appraised and compared to the one which is the subject of adjudication. This is obviously an expensive process, running from \$3,000 to \$10,000, to say nothing of the cost to the federal and state governments for their lawyers and the time consumed by the courts.

The injustice of this is that the final figure which is awarded to the plaintiff, when it is the same as has been already determined by the appraisal, still is less than it should be because in the case of the difference between \$28,000 and \$44,000, then a lawyer was paid a third of this which would be \$5,333 which is the loss that the individual farmer had to take in order to get his claim satisfied. He gained twice this amount but he still came out \$5,333 under what he should have received.

In another case, I put an appraised value of damages at \$42,000 including the value of the land. This went into court and was settled before the trial at the maximum figure which was permissible which was the appraisal plus 10%. Again, in this case, the farmer lost a third of the increase over the original offer.

This situation is bad enough, but consider what happens when the claim is relatively small, say under \$10,000. If we had put in an appraisal for \$10,000 and the negotiators had offered only \$6,000 or \$7,500, then the amount that would be adjudicated is too small for a lawyer to assume this responsibility on a contingency basis. In other words, the plaintiff has to guarantee a payment of a certain amount and this is on a risk-all basis because there is always a possibility that the court would not increase the amount that had been offered. This, to all intents and purposes, locks out of the courts the very people who most need assistance, for the simple reason that they do not have the money or dare not risk the money if they do have it for this kind of a court case. Therefore, the negotiators are prone to go to these people and make them a flat offer on a take it or leave it basis, or rather on a take it or take it to court basis.

For the poor and the elderly and the infirm, the threat to take it to court simply scares them into signing away their property without just compensation as is guaranteed by the Constitution for these cases.

I well remember one instance where a lady of eighty-four years of age, a widow woman, with very limited resources and on limited social security, lived in a little house of three rooms up a bank from the road but which still had a roadway available to get the coal trucks up to discharge their cargo into the coal bin and as access to the house. The taking line was at the bottom of her front steps.

This in turn raises another question which is not covered by this legislation and that is the irregularity of the takings which are sometimes surveyed to avoid touching a building, because if they take six inches of it they must pay for the whole building. I have seen instances where a straight line would have gone 15 ft. through the house and when they came down to this residence itself, they would veer off to the right or left as the case would be and missed the property by a couple of feet on two sides and then resume their straight line which leaves the property extremely undesirable for any kind of purposes, unless it would happen to be on the back side of a business property where the excess land was never used. These tactics are reprehensible to say the least and down right dishonest to say the most.

In the case of this elderly lady, she was left with 28 steps up to her front steps which were probably another 7 or 8 which she had to climb before she could get into the house. The roadway which had been available to her for the purpose of discharging the coal that she used to heat her house was de-

stroyed. I submit to you that, whether this lady was 84 years old or not, that there was not a great deal of value left to a 3 room house which had a property line that was next to the front steps and was 23 ft. above the elevation of the road. I placed, as I remember, a damage of something like \$3500 against this property. The negotiator came out, gave her the hard line which I have previously described, and almost forced her under duress to sign an agreement to release her property for \$1200. When I came by later she was sitting on her front steps, isolated from the road by a muddy bank because the steps down the bank had not be built and weeping copious tears about what had happened to her, her home, and her ability to use her home.

Gentlemen, if one's sense of justice isn't completely offended by this kind of action, I don't know what their sense of justice is. We recognize the necessity of the government exercising due prudence in the expenditure of public funds. We expect that and anything else would be contrary to the intent and purposes of any of the laws which we have.

However, we expect something else of our government and that is that those with power should use it with restraint, those with authority should use it with responsibility and those with power to make decisions concerning another person's property should make those decisions and arrive at the compensations on the basis of equity to the person who's property is being taken as well as prudence on the part of the Federal Government. Fiscal prudence does not give license to those who are exercising this authority to be arrogant, arbitrary, and unfair.

As stated previously, for a number of years the National Grange has had policy of one kind or another on this subject proposed to it and usually has accepted it. The latest policy declaration was during our Centennial Convention at Syracuse, New York, in November of 1967. It reads as follows:

"Whereas, we believe that the present government land acquisition policy must be altered, modified and changed to further protect the affected landowner as well as the taxpayer during the full course of negotiations: Therefore, be it

"Resolved, That the National Grange work—

"1. To remove the secrecy from any government appraisal by requiring that they be made a matter of public record;

"2. To eliminate the opportunity of a government agency to interpret, modify, alter or ignore the appraised values as established by the government's appraisers; and

"3. To establish a 3 member board of qualified impartial appraisers (one being the choice of the affected landowners) to be used in appraising and determining the fair estimate of value. This estimated value and the individual appraiser's reports must be presented to the affected landowner as well as the government agency for consideration in negotiating and arriving at a joint and realistic fair market value for the lands to be acquired; when an agreement cannot be reached, after thorough negotiations, then a condemnation suit would be filed."

Page 176, 1967, Journal of the Proceedings, Centennial of the National Grange.

This legislation, especially that language in paragraph 3 of section 901 would cover the intent and purposes of the resolutions which had been passed by the National Grange. This states "before the initiation of negotiations for property, the head of the federal agency concerned shall establish a price which he believes to be a fair and reasonable consideration therefore and should make a prompt offer to acquire the property for the full amount so established." In paragraph 3 of section 905, the same requirement is made of state agencies which act in the name of a federal agency.

The Grange, from the resolution which we have already read, would obviously enthusiastically support the passage of this kind of legislation. It establishes a basis on which the Federal Government will operate with its citizenry consistent with every concept of justice and fairness.

Most cases are settled out of court to the satisfaction of the property owners. However, in our judgment, this kind of legislation would remove most of the claims cases from the courts. Of course, in instances where there is a vigorous disagreement between the contending parties, the property owner is still at liberty to pursue the normal court procedures, but my own experience and judgment would indicate that this would be a relatively rare occurrence.

Not only would justice be served but the purposes of the bill as stated in section 901, paragraph (a) of title IX would be accomplished. These purposes are "in order to encourage the acquisition of real property by amicable agreement

with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many federal programs, and to promote public confidence in federal land acquisition practices, and—”.

Not the least of these items is to promote public confidence in federal land acquisition practices, which at the present time is at a low water mark. Too many people have been mistreated, mislead, and unjustly deprived of that which was rightfully theirs—just and fair compensation for property lost to the federal government in the interest of the general welfare.

The Grange believes that all citizens bear equal responsibility to their government. However, this does not say that we believe that some people should bear an inequitable amount of the responsibility for the general welfare. This has been the case in our federal land acquisition policy as well as in a number of states.

In relationship to paragraph 2 of section 901, which requires that a property owner should be given the opportunity to accompany the appraiser during his inspection of the property, my own experience does not indicate that there is any reason for this provision because I not only welcomed them, but found it essential in order to obtain the information which is required before an accurate appraisal can be made. It is also a matter of just plain good manners.

Apparently there has been some question raised by the failure to follow the kind of policy which we had adopted, therefore to cover those instances the Grange would support this recommendation.

The only part of this legislation which we would question would be paragraph 10 of section 901. Under the policy which we followed, such land was depreciated or the remnant of a property by as much as 90%. In other words, the property owner was paid that share of the value of the land. This then left him to negotiate the sale of the remnant with an adjacent property owner which was usually not too difficult to do.

We would suggest however, that in some instances these units are so small that it is uneconomic to keep them but it is also uneconomic to pay the cost of the transfer of the remnant of the property. If the government would have any responsibility at all at this point, it would seem to us that its responsibility should be to cover the cost of the transfer of the property, especially when it has to be sold at an extremely low price. To have the government acquire this property would mean that it also would own a lot of property adjacent to legitimate rights of way and the problem of transferring property of the Federal Government back into private hands is simply so great and so complicated that it would have a tendency to remain with the government. Most of this would have to be cared for, the fencing would have to be irregular, and the whole problem of upkeep would far outweigh any other problems including the cost of the transfer of this property to a willing buyer.

The only other suggestion which we have is that in cases where a large amount of property is taken in one area, and in those areas where there are people who's roots are deep and where for many generations people have lived, then the acquisition of comparable property becomes considerably more expensive than the value of the property which has been taken, when that value has been established by sales prior to the taking of this land and property by eminent domain. The very act of taking property creates a shortage of property in an area. Some consideration should be given, especially in terms of farm land, to compensate the individuals for a part of the increment of the price of land that is the direct result of the shortage which has been created by the federal acquisition policies. We're not sure just how this should be stated in legal language, but we believe that the Committee and its staff understand how this problem can arise and does arise and that some provision should be made for meeting this situation which should provide that the person who has lost his property may acquire property again of similar value and similar utility.

This is not quite so important in terms of single dwellings, nor is it so important in terms of business property. It is extremely important in terms of farm land, especially when that farm land is taken for purposes of inundation, because this means that in many areas the only prime farm land that is available has all been taken and the comparable land is not available at any price. The resulting financial loss to farm operators who are forced to farm marginal land and to take the loss that comes on the capitalization of their investment as a result of this, is an economic problem which needs to be considered in the final negotiations and settlement for property where this situation exists.

We would also suggest that when eminent domain proceedings are instituted or the negotiations are entered into prior to the taking of whole areas of land, that in keeping with the Supreme Court decisions of informing the individual of his rights in cases of criminal accusations, that the individuals who are losing property to a federal acquisition program should also be informed in some kind of understandable language in a printed brochure of their rights in this case as well as the rights of the federal government.

We would call to the attention of the Committee that S. 1351 now before the Judiciary Committee, provides another important link in this chain. This proposal, introduced by the distinguished senators from Oregon, provides that, when one who has lost property due to the exercise of the right of eminent domain, and who chooses to go to court for a decision, and then has the settlement figure raised by the court above the highest amount previously offered, the costs of the proceeding including the legal and other necessary fees of the individual, must be paid by the Federal government. This would help to solve this problem and we would suggest that this Committee might consider combining these two pieces of legislation under one bill. This has been done by some states.

With these suggestions, the Grange concludes its testimony. We congratulate the authors of this legislation and the interest shown by the members of this Committee in it for their proposal. We earnestly urge the endorsement of this bill by this Committee. Likewise, we earnestly urge its adoption by the Senate and we assure the Committee that the Grange will do whatever it can and we will be willing to follow your lead at this point to assure that this legislation is acceptable to the members of this distinguished body.

We thank you for this contribution to justice and equity which are basic to our democratic processes and without which our democratic processes cannot survive. This legislation will bring new meaning and value to the fifth amendment to the Constitution which concludes, "nor shall private property be taken for public use, without just compensation".

Mr. GRAHAM. Mr. Chairman, you are very kind to stay so long. It is way past lunch hour. I appreciate your staff and your staying.

Senator MUSKIE. Thank you, Mr. Graham. This is very interesting testimony. It is very good to have it. Sometimes forces around here force us us to bypass lunch.

Mr. GRAHAM. I can afford to pass it. My doctors say I should.

Senator MUSKIE. I regret that it was not possible to arrange a satisfactory time for Secretary Wilbur J. Cohen, of the Department of Health, Education, and Welfare to testify in person. The testimony that he would have presented will be included in the record at this point.

(The testimony of Secretary Cohen follows:)

STATEMENT OF HON. WILBUR J. COHEN, SECRETARY OF HEALTH, EDUCATION,
AND WELFARE

Mr. Chairman, I welcome the opportunity to testify on two bills, S. 698, "The Intergovernmental Cooperation Act of 1968," and S. 2981, "The Joint Funding Simplification Act of 1968."

We have made some significant progress, in my opinion, in Creative Federalism since I last appeared before you to testify on S. 561, "The Intergovernmental Cooperation Act of 1965." But much remains to be done and it is for this purpose that you have introduced S. 698.

Recent legislation by the Congress has dealt with national problems, and programs for overcoming them, that severely tax the combined resources of Federal, State and local government. Although we must act as a Nation on national problems, we must at the same time keep the dispersion of power and initiative which we value so highly. National problems cut across State and local lines. And the solutions to these problems are dependent on an effective working relationship among all levels of government.

President Johnson has provided the leadership in developing a new Federal, State and local partnership, which he has described as Creative Federalism. Through this relationship, power and initiative must be shared in new and flexible ways. It is essential that this partnership—a mutually respecting

partnership of Federal and non-Federal agencies and institutions—be strengthened and made more effective, enhancing the power and vitality of each member.

The realization of the great social advances envisioned by legislation enacted by Congress in recent years is dependent upon effective administration at the State and local as well as the Federal government level. The national interest requires both the effective administration of programs supported by Federal funds and the strengthening of State and local governments. Expanding State and local services, shortages of personnel, and administrative and fiscal problems all point to the need for development with the States and localities of ways of meeting these problems.

Creating a healthier, more vital partnership will require improved coordination of programs at the Federal level; greatly improved communications among State, local and Federal governments; better coordination of programs at the local level; community and regional planning that rises above fragmented political jurisdictions, and new forms of intergovernmental cooperation. Finally, the basic processes of State and local governments must be strengthened through better planning and financing procedures.

For these reasons I strongly support the objectives of both S. 698 and S. 2981.

In the report which I am submitting to the Committee each of the titles of S. 698 is discussed in detail and we have previously submitted a report on S. 2981. I would like to confine my remarks to the provisions of these two bills that are of the greatest interest to the Department of Health, Education, and Welfare.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

First, I would like to discuss title II of S. 698. When I testified on S. 561, I expressed doubts about abandoning clear identification of responsibility and accountability for grant programs which any weakening of the single State agency concept might entail. I recognize that new problems have been developing. Many programs require multiagency and multidisciplinary approaches to accomplish multiple goals and to obtain effective management. I am also aware of the varying administrative needs and capabilities of the States. For these reasons, I am in favor of the single State agency waiver authority in title II.

The fact that an agency is designated as the single State agency however does not exclude use by it of other State agencies. In fact, we encourage utilization by the designated agency of the resources and services of other State agencies, and we have required cooperative planning and working relationships in a number of programs—for example, in the planning of facilities for mental retardation programs.

I would also like to mention a significant trend among the States. This is the creation of a combined State Department of Health and Welfare. Ten jurisdictions now have such departments. The creation of these combined Health and Welfare Departments, I believe, is a recognition of the interrelationships of the problems of health, income, and services and a realization of the necessity to better coordinate the services in these fields. This trend among the States is further recognition of the need for better coordination and administration of Federally assisted programs at the State level.

Our Department has recently advised grantee organizations, including State and local governments, of the need to improve methods for managing funds under the letter of credit procedure. We have recognized the incentive to better cash flow management by the prohibition on the earning of interest on Federal funds. Consequently, we believe it would be undesirable to adopt a provision which relieves States of accountability for interest earned on grant-in-aid funds.

Accordingly, after a careful review of experience and trends, we strongly favor the enactment of title II with the exception of the provision on earning of interest.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF GRANTS FOR URBAN DEVELOPMENT

The need for improved interdepartmental coordination is a particularly important concern for the Department of Health, Education, and Welfare with its 149 Federal assistance programs, which often must be related to programs or activities of other Federal departments for efficient State and local administra-

tion. Nowhere is this more significant than in the administration of grants for urban development.

To this end, we have, over the years, forged some effective relationships through interdepartmental committees or task forces and through effective person-to-person liaison. A recent example of an effective coalition of the Federal partners for a common purpose was the establishment of a Joint Administrative Task Force by the President, with representatives from the Departments of Housing and Urban Development; Health, Education, and Welfare; Labor; and, the Office of Economic Opportunity, to speed the processing of State and local applications for Federal grants-in-aid. The Task Force focused primarily on four types of multipurpose projects of major significance—Model Cities, Neighborhood Service Centers, Manpower Programs, and Water and Sewer programs. The Task Force accomplished its objectives of reducing the processing time in some 42 programs by 50 percent, and, in a second phase, extended its review to other Federal grant-in-aid programs with similar results.

The Joint Administrative Task Force developed a common application form for local governments to use when applying for grants-in-aid from several Federal departments and agencies for support of neighborhood service programs. This form, adopted by the Departments of Health, Education, and Welfare, Labor, Housing and Urban Development, as well as the Office of Economic Opportunity, has greatly simplified the application process for local communities as well as the reviews at the Federal level.

The Joint Administrative Task Force also recommended and has seen adopted an interagency coordination structure for use in the review and approval of Model Cities applications and in the provision of technical assistance to cities preparing Model Cities demonstration programs. The four agencies have established (1) a Washington interagency review committee for joint action on Model Cities planning grant applications as well as subsequent program grants; (2) regional review committees; and (3) joint technical assistance teams and local city working groups.

Within the Department, we have made specific organizational changes to improve our ability to work effectively with other Departments on urban problems:

Early in 1967, Secretary Gardner established the Center for Community Planning for the purpose of providing an urban focus for the Department and developing HEW responsiveness to the needs of the city.

The Center coordinates Departmental activity in connection with the Model Cities, Neighborhood Services Program, Parent Child Centers, the Youth Opportunity Campaign and other urban programs. It has built a "Technical Assistance Network" utilizing local Social Security district office managers and other Departmental personnel, through which requests for information and assistance in connection with urban problems may be routed rapidly to that point—the State, the Region or the appropriate agency in Washington—where the most effective help can be given.

One of the Center's major tasks is to develop new and more flexible mechanisms of funding comprehensive urban programs such as the Model Cities. It has developed and is operating a system for prompt interagency evaluation of multipurpose projects involving HEW and other Departments. The Center represents the Department on interdepartmental task forces and committees concerned with urban programs and with semi-public associations such as the Conference of Mayors and the National League of Cities.

The Center is currently working with the Council of State Governments and the Department of Housing and Urban Development to develop policy for the Federal Departments in working with the States in the Model Cities and other urban programs, and to advise the States of the role they should be playing in this effort.

While the joint efforts we have undertaken with HUD and other agencies concerned with urban development have made a substantial contribution, it is clear that Title IV provides us with important new tools to achieve a more efficient administration of grants for urban development. I therefore support the purpose of Title IV to advance the development of consistent Federal policies and procedures for carrying out a firm, constructive urban development policy.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND THE
LOCAL UNITS OF GOVERNMENT

The need for and importance of Congressional review of government programs is an accepted fact. Department of Health, Education, and Welfare grants are, in effect, reviewed through several methods: (1) The consideration of amendments to authorizing legislation frequently requires a fresh look at the basic laws, (2) There are time limitations in most of the basic enabling legislation requiring Congressional action (for extension) and therefore review, (3) The budgeting and appropriation process provides an annual mechanism for the evaluation of the cost, efficiency, and performance of programs, (4) Advisory councils charged with the comprehensive evaluation of programs have been established by Congress for a number of our major grant programs.

I concur in the views of the Bureau of the Budget that periodic reviews of grant programs by the Comptroller General or other bodies as specified in Title V would not be as effective or serve the same purpose as reviews by the substantive congressional committees.

Based on our experience in the Department of Health, Education, and Welfare I do not see the need for the provisions of Title V. It proposes authority which Congress already has for fixing the duration of grant programs and procedures for review of them.

I am also concerned about the provision for the automatic termination of programs at the end of five years. The variations and complexities among our many grant programs are such that no arbitrary period of duration is appropriate for all of them.

I would like to suggest as an alternative to Title V—or as an addition, in any case—a program which would authorize appropriations for one additional year if legislation to authorize a program's extension was neither enacted nor rejected by the beginning of the fiscal year of the program authorization. This would provide lead time for orderly Federal, State and local planning. This recommendation is essential, in my opinion, if we are to improve the stability of Federal-State-local fiscal, administrative and program relationships.

In addition I would like to suggest that any Congressional review of legislation of limited duration ought to be completed at least one year in advance of the expiration of program authority.

TITLE VI—CONSOLIDATION OF GRANT-IN-AID PROGRAMS

Title VI constitutes a new alternative to the current methods used for consolidation of grant-in-aid programs. It would authorize the President to follow a procedure based on the Reorganization Act of 1949 which would result in the submission of a grant consolidation plan to the Congress where it would be subject to the type of veto that presently applies to expensive reorganization plans.

Our Department has been active in seeking to achieve a strengthened partnership with State and local governments by supporting grant consolidations which recognize the vital role played by our State and local units and their need for increased grant-in-aid flexibility. The enactment of the Partnership for Health program, P.L. 89-749, and the concepts embodied in title II of the proposed Partnership for Learning and Earning Act of 1968 are recognition of the need for consolidation and improvements in narrow categorical aid programs.

Our deepest concern about title VI is that it would limit Congressional action to either approval or veto of complex grant consolidation proposals put forth by the President.

We believe the present system of a broader consideration of such legislative proposals has many advantages. In our experience, the amendments made as a result of congressional committee reviews have been a major contribution to the improvement of grant-in-aid legislation.

While this Department favors the objectives of title VI, we believe these objectives can be better accomplished by other means.

The first of these we have already mentioned—the normal legislative process. The other would be to introduce the flexibilities embodied in S. 2981 which would significantly overcome the impediments resulting from the multiplicity of narrow categorical grants.

S. 2981—JOINT FUNDING SIMPLIFICATION ACT

Section 6(b) of S. 2981 provides an important new means by which Federal agency heads may arrange for joint review of proposals by a single panel, board, or committee in lieu of separate review.

In authorizing the establishment of joint management funds in section 8 of the bill, accounting and administration will be streamlined and simplified both for recipient institutions and awarding agencies. In addition, the establishment of uniform administrative and technical requirements encouraged by section 6(a) will go far in reducing the administrative complexities which often stand in the way of responsive program administration.

In summary this Department strongly endorses the concepts of grant simplification reflected in S. 2981 and we feel that the authority contained in S. 2981 will permit an application of these concepts to help solve the mounting problems associated with the increasing complexity of Federal aid administration.

The Department of Health, Education, and Welfare welcomes the attention, Mr. Chairman, that the Committee under your distinguished leadership is devoting to the central issues of good administration and intergovernmental cooperation, which are so vital to the successful operation of the Department's programs.

Senator MUSKIE. This brings these hearings to a close.

(Whereupon, at 1:20 p.m., the committee adjourned.)

COMMUNICATIONS AND STATEMENTS SUBMITTED FOR THE RECORD

STATEMENT BY JOHN W. GARDNER

I am John W. Gardner of Washington, D.C. I submit this statement on "Uniform Relocation Assistance" as an individual and not as a representative of any organization. However, I draw upon my experience as the former Secretary of the Department of Health, Education, and Welfare, and my present responsibilities as chairman of the Urban Coalition.

The renewal and reconstruction of American cities is an essential part of the needed response to the urban crisis which now confronts this nation. Much of the vitality of our urban civilization is focused in our central cities. Although suburbs and new towns have an important place in urban development, the central core of metropolitan areas must be preserved and improved.

To improve cities inevitably requires a certain amount of tearing down as a prelude to reconstruction. This rebuilding process means that residential and business properties must be acquired and their occupants displaced. Families and single persons will have to move from their homes and businessmen from their establishments.

These persons are inconvenienced and some of them suffer considerable personal hardship to benefit the whole community. Because of this, there is a major public responsibility to assure that those who must relocate are treated with great care and generosity.

A wide variety of public programs cause displacement but the two activities which produce the most relocation are urban renewal and highways. In the cities, both seem to move a disproportionate number of poor and moderate income families and small businessmen. A major focus of urban renewal is the demolition of deteriorated housing, most of which is occupied by the poor, and within an urban renewal area many of the businessmen who must move have small operation, with modest net income. The interstate highway program, with most of the routes in the countryside completed or underway, is concentrating more and more on the routes in and near the heart of cities, that is, in those neighborhoods where low- and moderate-income families reside. Yet it is these families who already have the greatest difficulty finding adequate housing.

Over the past two decades there has been an increasing Federal concern about the relocation process. Unlike some of the construction programs of the nineteen-thirties, the urban redevelopment program, from its beginning in 1949, made provision for relocation payments, and the amounts of financial assistance and other services has been expanded in the intervening years. The highway program has had more modest provisions for relocation assistance, but at least it provides some aid to the persons who must move.

Nonetheless, when the Federal government itself acts as a developer in the construction of Federal facilities, it makes no relocation payments. Nor is assistance required under a number of the grant-in-aid programs. Moreover, the highway program provides less assistance than urban renewal, and these different benefit levels cause inequities among persons who are displaced. For example, on one side of the street families might be displaced by an urban renewal project and given financial assistance at one level while across the street other families are dislocated by a highway project and given lesser assistance. This is unjust to the displaced persons, and it is confusing to the general public.

Because of these problems, the Uniform Relocation Assistance Act, which is title VIII of S. 698, is highly desirable legislation. It will go a long way toward correcting the deficiencies in existing arrangements.

The proposed act is commendable because of its broad coverage. It requires for the first time that Federal agencies must make relocation payments and provide other assistance to displaced residents and businessmen. It extends this requirement to States acting as agents for a Federal public improvement project. It applies to federal assisted programs where States, political subdivisions, and

special purpose units of local government cause dislocation. Thus, it covers all public agencies which use Federal funds for projects where relocation is necessary.

However, the bill apparently does not apply to nonprofit organizations receiving Federal assistance. Yet, private colleges, universities, hospitals, and nonprofit organizations constructing neighborhood facilities, sometimes displace persons in connection with projects which are federally aided. Perhaps such projects, too, should be encompassed by the act.

The second important feature of the bill is the uniformity which it requires. Relocation payments and other assistance must be the same for each type of Federal project and federally assisted program. Although I am not a technical expert on the details of relocation payments, the requirements of the bill seem to me to be generally appropriate. It would be better to err on the generous side than to be too stingy with those who must make a personal sacrifice by moving to promote the general public welfare.

The provisions for relocation assistance other than monetary benefits are also important. The poor in particular need assistance in locating adequate housing at rents they can afford, and small businessmen need help in finding other quarters and in contacting institutions which make small business loans.

Relocation assistance should be a process which starts early in any project. If unemployed family heads can enter manpower training programs six months or a year before they are to be displaced, by the time moving day arrives they can be in steady jobs with higher wages, and thus be able to have more income which will give them a wider range of housing choices. Early health examinations followed by any needed medical services might be able to remedy many health problems before the move. A small businessman might benefit from management assistance before he has to relocate, and this would improve his chances for succeeding in a new location. In a similar manner, other opportunities might be made available to persons prior to relocation.

The bill should make clear that full and meaningful relocation assistance beyond financial payments is not merely desirable but is a mandatory requirement. Perhaps the bill could be strengthened by prohibiting acquisition and clearance of property unless there is a suitable program of relocation assistance and an adequate supply of the right kind of housing and places for small businesses.

As to financing relocation programs, I believe that it is appropriate for the Federal government to pay the entire cost up to \$25,000 for any one person, as the bill provides. This allows uniform payments to start immediately without waiting for state enabling legislation. The ceiling permits the rare situation of unusually high relocation costs of a business to be handled by sharing costs between the Federal government and the State or local agency on the same basis as other costs of the program, such as 90-10 percent in the case of interstate highways and two-thirds/one-third for urban renewal.

I would urge that this bill be passed as soon as possible with its provisions to take effect upon enactment. The next several years will be crucial as the activities of the Federal highway program are stepped up in cities and as urban renewal expands in conjunction with the model cities program. Delay would continue to make the poor and moderate-income families and small businessmen bear an inordinate share of the inconveniences of the programs which will make American cities better places to live and work.

STATEMENT BY HON. STUART SYMINGTON, U.S. SENATOR FROM THE STATE OF MISSOURI

MORE EQUITABLE TREATMENT FOR LANDOWNERS DISPLACED BY PUBLIC WORKS

Mr. Chairman, Thank you for this opportunity to comment in support of the amendment we have offered to title VIII of your bill, S. 698, designed to achieve a uniform policy for "fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property for Federal and federally assisted programs."

These programs are justified by expected benefits for the general public. The purpose of our proposal is to ease the unfair financial burden often placed upon those who are forced to sell their property to the Government for such programs, when, because of circumstances beyond their control, the owners are not able to find reasonable replacement property that would entitle them to obtain capital gains tax deferral.

Current law (section 1033 of the Internal Revenue Code) recognizes the need in some circumstances to allow deferral of payment of capital gains taxation on the proceeds of an involuntary conversion. Under that section, the owner of land taken for public use can postpone recognition of gain on compensation he receives only by reinvesting in property of "like kind" within a specified period. Generally, this permits the landowner to reinvest in any comparable real property.

The amendment we offer would permit the taxpayer to defer capital gains taxation of condemnation awards when he reinvests in securities or a business if he establishes that to require him to reinvest only in comparable real property would work "undue hardship" on him.

The term "undue hardship" is one of equity; still this is a situation which calls for equity. Since the burden of proof will be placed on the taxpayer, this amendment would be restricted to relief situations rather than open up an area of abuse. As an example of circumstances which would constitute an "undue hardship", let us take the situation that arises in large reservoir takings. Comparable replacement property often is not available in the general vicinity, and landowners would be required to move considerable distances in order to reinvest in similar farm property. Another hardship situation would arise when a landowner is forced to sell a going farm operation but has reached an age when he does not believe it physically possible to start a new farming or ranching life. He is being pushed into an early retirement. These people have no choice, no real alternative to selling their land; in order to avoid undue hardship, tax concepts should be made to conform with current needs and the increasing scarcity of land.

Our amendment does not provide specific criteria for the application of "undue hardship." To do so would only confine the attempt to achieve equity to arbitrary limits. However, we can think of several factors that might merit consideration in determining "undue hardship": the age of the landowner, the number of years he has owned the land, and evidence of his efforts to find reasonable replacement property.

Mr. Chairman, we believe that our amendment would provide considerable economic assistance to persons across the country whose property is taken for public works programs such as reservoirs and highways. More equitable tax treatment seems in order for those who are forced to give up land that may have been built up over many years, even generations, and then who are taxed because they are unable to find replacement property.

Your Committee's favorable consideration of this proposal will be appreciated. Amendment intended to be proposed by Mr. Symington (for himself and Mr. Long of Missouri) to the bill (S. 698) viz: On page 49, after line 10, insert the following:

PART C—AMENDMENT TO INTERNAL REVENUE CODE

PROPERTY REQUIRED TO REPLACE REAL PROPERTY TAKEN BY CONDEMNATION

SEC. 811. (a) Section 1033 of the Internal Revenue Code of 1954 (relating to involuntary conversions) is amended by redesignating subsection (h) as (i), and by inserting after subsection (g) the following new subsection:

"(h) CONDEMNATION OF REAL PROPERTY AFTER 1966.—

"(1) *Special rule.*—For purposes of subsection (a), if real property (not including stock in trade or other property held primarily for sale) is (as the result of its seizure, requisition, or condemnation, or threat or imminence thereof) compulsorily or involuntarily converted, and if the disposition of the converted property (within the meaning of subsection (a) (2)) occurs after December 31, 1966, replacement property shall be treated as property similar or related in service or use to the property so converted.

"(2) *Replacement property defined.*—For purposes of paragraph (1), the term 'replacement property' means—

"(A) real property and any interest in real property,

"(B) property to be used in trade or business of the taxpayer (as defined in section 1231(b) (1), but determined without regard to any holding period), and

"(C) subject to the provisions of paragraph (3), any property to be held for investment by the taxpayer.

"(3) *Application of paragraph (2) (C).*—Subparagraph (C) of paragraph

(2) shall apply with respect to any property only if the taxpayer establishes that it would have worked an undue hardship for him to replace the property converted by the purchase of—

“(A) property similar or related in service or use to the property converted, or

“(B) property described in subparagraphs (A) and (B) of paragraph (2).”

(b) Section 1033 (g) of such Code is amended—

(1) by inserting after “December 21, 1957” in paragraph (2) (B), and before January 1, 1967”; and

(2) by striking out the heading of such paragraph and inserting in lieu thereof “Period of applicability.”

(c) The amendments made by this Section shall apply to taxable years ending after December 31, 1966.

SUPPLEMENTAL STATEMENT BY SENATOR STUART SYMINGTON

Mr. Chairman: Just this morning, Mr. Charles Smith, staff director of your subcommittee, made available to my office a copy of a letter dated May 15, 1968 addressed to you from Assistant Secretary of the Treasury Stanley Surrey. This letter further states the objections of the Treasury Department to the amendment proposed by Senator Long and me.

I have had prepared a rebuttal to the Treasury Department's further argument, and ask that it be included in the record along with the letter which you have received.

REBUTTAL OF TREASURY DEPARTMENT'S LETTER OF MAY 15, 1968

1. Fear of abandonment of the principle that a capital gains tax becomes due upon change in investment position is unwarranted. The situation we are concerned about involves an involuntary conversion, which allows deferral of capital gains because the change in investment position is *not voluntary*. Section 1033 of the Internal Revenue Code is a modification of the capital gains principle that has been long recognized. Our amendment would merely make the intent of section 1033 applicable in situations where replacement realty was not available. No new area for special treatment is being suggested. These landowners have no choice, no real alternative to selling their land; in order to avoid undue hardship historical tax concepts should be made to conform with current needs and the increasing scarcity of land.

2. The fear that there would be extensive litigation seems to be exaggerated. Admittedly the term “undue hardship” is one of equity; but this is a situation which calls for equity. Since the burden of proof will be placed on the taxpayer, this amendment would be restricted to relief situations rather than open up an area of abuse. The possibility of litigation arising should certainly be no excuse for denial of the right to relief.

TREASURY DEPARTMENT,
Washington, D.C. May 15, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is intended to supplement my letter to you of May 17, 1967, setting forth the Treasury Department's views on an amendment to S. 698 proposed by Senators Stuart Symington and Edward V. Long of Missouri. The original amendment would have permitted the proceeds of a land condemnation award to be reinvested, without payment of a capital gains tax, in any type of real property, in any trade or business property, or (in those instances in which it would be “impractical” or would cause “undue hardship” to invest in suitable replacement property) in any type of investment property, including stocks and bonds. Since that time, Senator Symington and Senator Long have amended their proposal by removing the standard of impracticality, and I feel that views should reflect this change.

The Treasury Department continues to be opposed to this amendment to S. 698. The change in the amendment which has been suggested does not correct the basic and serious policy problems of deferring the capital gains tax to which I referred in my previous letter: The result of enacting the amendment would

be to abandon the basic principle that a capital gains tax becomes due when the investor changes his basic investment position. This principle would then become subject to increasing attacks and requests for special treatment in other situations.

In addition to this basic policy objection, the amendment continues to pose serious problems of administration and very possibly extensive litigation over the issue of "undue hardships," which concept was retained in the proposed amendment. Therefore, although the necessity of defining impracticality has been eliminated, this change has not vitiated the problems which I described in my previous letter because of the retention of the equally abstract concept of "undue hardship."

For the foregoing reasons, the Treasury Department remains opposed to the enactment to S. 698.

The Bureau of the Budget has advised the Treasury Department that there is no objection from the standpoint of the Administration's program to the presentation of this report.

Sincerely yours,

STANLEY S. SURREY, *Assistant Secretary.*

STATEMENT BY HON. EDWARD V. LONG, U.S. SENATOR FROM THE STATE OF MISSOURI

Mr. Chairman, I appreciate this opportunity to comment on the amendment Senator Symington and I have proposed to S. 698. The amendment would revise the Internal Revenue Code so as to permit, under certain circumstances, the proceeds obtained through involuntary conversions to be reinvested without payment of the capital gains tax in property not now authorized.

My concern about the present capital gains tax policy was aroused by landowners in western Missouri who are being forced to sell their property to make way for the Kaysinger Dam and Reservoir which will provide flood protection, hydro-electric power, water supply and recreation for hundreds of thousands of people. There are presently 71 authorized projects of the Corps of Engineers within a 200-mile radius of Kaysinger Dam, 107 projects within 300 miles.

The displacement involved to these projects is and will continue to be a major factor in many communities throughout the State. Under existing provisions of the Internal Revenue Code, if a taxpayer is forced by some external circumstance to change his investment position and reinvests the proceeds of a condemnation award in property which is similar or related in service or use to property converted, or which is of like kind with the property converted, then capital gains taxation is deferred.

In many cases, those being displaced are unable to locate or acquire similar property with their condemnation award. My proposal would provide a more equitable treatment in such instances where it was established that similar property is not available in the general vicinity, and where a landowner reaches the age when it is physically impossible to start a new enterprise. It would broaden the range of choice in the replacement of income producing property without the capital gains tax, to any type of real property, any trade or business property, and certain types of investment securities.

The Treasury Department, I understand, is opposed to the amendment. It has consistently taken a position against legislation to extend special tax treatment in the past. I firmly believe, however, that the situation is one which must be faced and one which deserves action. The issue is people whose lives are being disrupted, people who must bear heavy financial burdens so that all citizens will benefit from projects. We cannot turn our backs on these people.

The fact that the adoption of our amendment would result in a revenue loss to the government is not sufficient reason for ignoring the problem. Those whose lands are taken for the benefit of the general public should be afforded fair tax treatment. The thousands of farmers and local citizens being displaced as a result of the federal flood control program did not ask to have their property taken.

The Treasury Department is also concerned that the amendment would lead to extensive litigation to determine whether it was an "undue hardship" to require an investment in similar property in order to obtain deferral of the capital gains tax. The fact that there is no present judicial interpretation of this phrase which could be available to the courts should not preclude action.

A definition of the term should be easily established by consideration of the time for reinvestment now allowed under section 1033(a)(B) of the Code, the age of the landowner, and evidence of unsuccessful good faith efforts made to restore the former investment position. The burden of proof is placed on the taxpayer and should insure that the government is not presented with unreasonable litigation.

The proposal is not a new one. In various forms it has been advocated for several years. Conditions facing those displaced by increasing federal activities justify a careful examination of the situation.

STATEMENT BY HON. MILTON R. YOUNG, U.S. SENATOR FROM THE STATE
OF NORTH DAKOTA

Mr. Chairman, may I take this opportunity to thank you and the members of the Committee for holding these hearings at this time. I strongly support the amendment which has been introduced by our colleagues, Senators Symington and Long of Missouri to title VIII of S. 698.

This proposal would amend the Internal Revenue Code and make possible more equitable treatment for landowners forced to sell their property by condemnation or threat of condemnation for government programs such as flood control reservoirs, road construction, and similar projects. The current treatment of such cases has caused many hardships and the need for an effective change has long been felt.

In order for a landowner to postpone the payment of capital gains tax on property taken in connection with a government project, present law requires that he reinvest in real property. This requirement creates severe problems for many whose farms and businesses represent years and even generations of investment of time and money. For too many of these people it means either buying replacement property at inflated prices or breaking family and community ties and seeking relocation in a new area. This is asking these folks to pay a very high price for the progress of their country.

This amendment is patterned after a recommendation made in the 88th Congress in a staff study by the House Public Works Committee staff. It would permit the landowner to make income producing investments in nonreal property in cases where it would be impractical or would work a hardship on him and his family to buy replacement real property.

Let me cite just one example that has come to me recently. A North Dakota farmer had a substantial portion of land taken for right of way for an interstate highway. This did not take his whole farm, but it did reduce the size of the farm considerably. He is located in an area where land values are already extremely high and because many other farmers in the community were in the same position, he has been unable to purchase replacement land for anything like a reasonable price. This farmer is making a great sacrifice to progress. First, a substantial portion of his farm was taken for the highway. Secondly, he will either have to purchase replacement property at inflated prices or pay capital gains tax on the proceeds of the sale.

The proposed amendment is not a new idea, but it does differ in at least one important respect from other such suggestions. This amendment would require that the subject taxpayer establish that reinvestment in real property would work an undue hardship or would be impractical. I feel that this requirement more than meets the objections that have been made in the past that such authority would open a broad loophole in our tax laws.

Mr. Chairman, few, if any, of our great public works projects are ever constructed without creating some dislocation of businesses, farms, and families. A great deal of effort is expended to lessen the impact on those directly affected. I strongly feel that this amendment would be a great step forward in these efforts. There is good and ample justification for such action.

I cannot urge too strongly that action be taken now to eliminate this inequity. The amendment offered by the Senators from Missouri proposes an effective solution to this problem and I hope it will be approved at an early date.

I thank you for the opportunity to present these views to the Committee.

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE U.S.A.,
Washington, D.C., June 12, 1968.

Hon. EDMUND S. MUSKIE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MUSKIE: We are pleased that your Committee on Government Operations is considering S. 698 which will establish a uniform relocation assistance policy, as well as other matters.

The necessity of such a policy is well established in that the various Federal programs have differing provisions regarding the relocation of people affected by their projects. Contact with church units throughout the country serving the people who have been affected by these programs impresses upon us the great importance of adequate and uniform relocation service.

Let me elaborate on what we mean by uniform relocation service: that each family or individual be treated the same for relocation regardless of the program which necessitates their relocation. The fact that a person has to relocate is the prime fact, and not the particular program which creates the problem. Congress in its wisdom may vary the financial or supervisory relationship the Federal Government has with various programs of highway building, public housing, or urban redevelopment. This variance however, should not extend to the treatment of the citizen.

We therefore urge that your bill contain provisions that—

1. provide funds uniformly to the persons and individuals involved and to the agency administering the relocation program;

2. insure that adequate funds are so provided—it seems that the provision of the first \$25,000 of the cost of relocation contained in section 807(b) should be adequate in most cases.

Again, we emphasize the importance of this legislation. The process by which our cities are renewed is at least as important as the program of renewal. We trust that this legislation will focus on providing both uniform and adequate assistance to the citizen regardless of the variations between the Federal Government and the particular programs.

Sincerely yours,

JAMES A. HAMILTON, *Director.*

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., June 7, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: In testimony by the National Governors' Conference before your Subcommittee on the Intergovernmental Cooperation Act, it was indicated that the Governors and the states are vitally concerned with the problems created by the action of federal, state, and local governments, which displace persons and businesses. Specifically, we are concerned about the role of the states in relocation assistance.

As was pointed out in our letter to you dated May 21, 1968, the states have begun to assume a more aggressive role in relocation efforts. While many states are meeting their responsibility for coordinating relocation efforts, we feel that a commitment from the federal government is needed if uniformity is to be realized in the near future. Title VIII of S. 698 providing for relocation payments of up to \$25,000 in federally-aided programs is a logical first step in achieving a uniform policy of relocation assistance. The federal relocation payment would be contingent, of course, on the state or local agency's agreeing to provide assistance payments as prescribed by federal law.

In addition, however, serious consideration should be given to creating programs which would bring the states more fully into the relocation programs. Many state officials, for example, favor federal matching funds to the states to provide for a statewide relocation effort as complementing the provisions in title VIII of the Intergovernmental Cooperation Act (S. 698).

We trust that you will find these additional comments helpful. If we can provide you with further information, however, please feel free to contact this office.

Sincerely,

CHARLES A. BYRLEY,
Director, Office of Federal-State Relations.

STATEMENT OF HON. JOHN A. VOLPE, GOVERNOR OF THE COMMONWEALTH OF MASSACHUSETTS

Mr. Chairman, I appreciate very much this opportunity to present to you the views of the Commonwealth of Massachusetts on S. 698, and more specifically on title VIII, the Uniform Relocation Assistance Act.

As you know, I have supported very strongly the provisions of S. 698. I do feel that we in the Commonwealth of Massachusetts have had a unique experience with business relocation in highway and urban renewal programs. I believe this may be a helpful discussion in your studies of title VIII.

The Commonwealth has taken an active interest in the problems of relocation and two years ago established the only State Bureau of Relocation with authority to supervise and coordinate all government takings, including highway displacement.¹ We now have a body of knowledge and experience concerning displacement and the relocation process in the Commonwealth. A statewide survey conducted by the Bureau of Relocation makes it possible for us to project that during the next five years government takings will displace almost 22,000 families and individuals and over 7,000 businesses. (See Table A attached.) Most of this displacement will result from highway and urban renewal programs which receive Federal financing and which provide relocation assistance differentially.

Under our state law we are making rapid strides toward improving the planning for relocation, promoting the advance development of housing resources, and centralizing the provision of relocation services. However, in the important area of providing uniform relocation assistance payments, Congressional action is needed. For that reason, we support the adoption of title VIII of S. 698 which establishes such uniformity in federally aided and Federal programs. The bill affects both residential and business relocation payments, and I shall discuss the importance of both provisions.

Under title VIII of S. 698, moving expenses of households would be paid up to \$200 and the following benefits would be added to all Federal relocation assistance:

1. The payment of \$300 to displaced families who purchase homes will be of great assistance to low-income families who are often unable to make a purchase under favorable FHA terms because of the lack of a down payment (802(C)(3)). We favor this provision. Several of our Massachusetts renewal agencies have had success in relocating large low-income families in home ownership, but their efforts have been hampered by the lack of a fund from which down payments could be made. Even for middle-income families displaced from homes they own, the present high interest rate and the operation of the point system makes the purchase of a new home a burden. This small payment will mitigate the hardship to some extent.

2. A dislocation allowance equal to moving expenses but not more than \$100 (802(C)(2)), and

3. A payment to certain public housing eligible households who move into housing at a cost of more than 20% of income. (This is similar to the relocation adjustment payment established under sec. 114 of the Housing Act.)

We believe these two provisions of the bill could be improved. We suggest that it is time for a thorough overhaul of categorical benefits. Experience has shown, in urban renewal, as in other programs, that categorical benefits with differential eligibility involve administrative effort which could more usefully be directed at solution of relocation problems. Furthermore, unreasonable inequities and inconsistencies flow from the categorical assistance programs.

The hidden costs of relocation to the displaced family affect all families—they may be increased rent, or abandonment of furnishings unsuitable to the new home, or deposits for rent, utilities and the like. It is particularly critical for poor families. Relocation workers spend much time presently finding resources to meet these payments for low-income families, and some times desirable housing is lost when these sums cannot be found.

Among the inequities inherent in the suggested payments is the fact that dislocation allowance would tend to be smaller for poor families with few belongings, surely not an intent of the drafters of the legislation.

¹ The State of New Jersey also has a State Bureau of Relocation, but its authority does not extend to highway displacement, which accounts for about 40% of displacement in most states.

The relocation adjustment payment, made only to those public housing eligible families who do not receive public housing and who pay more than 20% of the income, has two inconsistencies. First, one of the basic protections of the bill is that displacement is not to take place unless there is advance assurance that adequate housing, at prices they can afford, will be available to these families. Payment of a RAP indicates that this requirement is not being met. Second, the adjustment payment only defers the hardship upon the family for two years. At the end of that period the payment ceases, and the household is left in housing which is beyond its means.

A final criticism of the RAP program has been its excessive administrative requirements. Income eligibility, absence of suitable public housing, and the rent paid in new accommodations, all must be documented and audited. Dedicated relocation workers spend more hours trying to establish eligibility and to secure this benefit for their clients. The line is fine, and receipt of the benefit depends upon the skill of the worker, rather than the need of the household.

We have gone into this in some detail in order to lay the groundwork for a recommendation which would eliminate both of the special payments, and provide instead a dislocation payment to all displaced families, on a sliding scale, reflecting the size of the family, with a minimum of \$100. Coupled with adequate moving expenses, which would include loss of property, this would assist the relocation process and provide equitably for the expenses incurred in these forced moves.

If displaced persons cannot find housing within their means, other assistance must be made available; for example, an expansion of the section 23 leased housing program, to provide a subsidy to rent in the private market. This program has worked very well in a number of communities in the Commonwealth, providing incentive for rehabilitation of private properties, increasing the tax rolls, and improving the quality of housing available to low-income families.

Turning now to the problem presented by the present differential in business relocation payments, as you know, a business displaced by a federally aided highway is able to recover only a maximum of \$3000 toward its moving expenses and receives no other benefits. On the other hand, in the Commonwealth, businesses displaced by urban renewal receive full moving expenses, in addition to other benefits, including a small business adjustment payment and reimbursement for property loss. Sometimes, as with the Inner Belt in Boston, the highway displacement occurs on one side of a street and urban renewal displacement on the other, with disastrous results from the unequal assistance given. There is attached as an appendix to this statement an analysis of past and projected displacement of businesses in the Commonwealth, which details the liquidation rate and the moving expenses of displaced businesses. From this it will be seen that displacement of businesses due to public takings during the next five years is projected to amount to more than 7000 units, of which 42% will be generated by highways and 56% by urban renewal.

For this reason, we regard the provision of uniform payments for full moving expenses in all federally aided displacement as essential. If prior experience holds for future displacement, fully one quarter of the businesses which move from highway rights-of-way in the Commonwealth will incur moving expenses in excess of the \$3000 presently paid.

The proposed legislation provides \$5000 (or one year's net income) as an optional payment instead of moving expenses. This payment is also available to businesses which discontinue operations. It eliminates a \$2500 small business adjustment payment in the present HUD funded programs, and would be entirely new to the highway program. Previous experience in the Commonwealth indicates that about 90% of highway business displacement would be eligible for such payments. In addition to being advantageous to businesses which are seriously dislocated as a result of forced moves, this flat sum would eliminate much of the paperwork and administrative overhead of business relocation. One of the most serious complaints of businessmen in urban renewal areas has been the amount of documentation necessary for reimbursement of moving expenses. Many of them are unable to spend the time necessary to secure documentation. At the same time, business relocation workers in renewal projects estimate that they spend about half of their time on paperwork associated with processing claims for reimbursement. The elimination of this amount of red tape would free relocation workers for really helpful tasks related to successful relocation of businesses. Although the amount paid to businesses is larger than the former

HUD displacement payment, in the end administrative savings may well result in fiscal savings.

While provisions of more adequate relocation payments will not prevent liquidate of some displaced businesses, notably those with elderly proprietors, for many small undercapitalized businesses, the provision of full moving costs will make the difference between successful relocation and the painful decision to go out of business. An analysis of past experience in the Commonwealth shows that while 25% of businesses displaced by urban renewal liquidate, for highway displacement this figure is now 35%. There appears to be a definite relationship between the adequacy of relocation payments and the higher liquidation rate.

Projection of past experience also indicates that the uncompensated moving costs under present highway restriction of \$3000 will reduce the net worth of more than 500 businesses and will adversely affect their working cash position.

Therefore, the Commonwealth urges the adoption of a Uniform Relocation Assistance Act in order to assist more adequately the relocation of households from federally financed projects, and in order to provide for relocation assistance to businesses which will minimize the liquidation rate of displaced businesses, end the inequities between programs operating in the same communities, and reduced the hardship upon businesses forced to move for the benefit of the general public.

In conclusion, we all know that relocation has been a major source of controversy in capital improvement programs today. It can be expected that this tension will grow as more public works projects come into being. If the relocation programs can be made more effective and more equitable, the development process could be smoothed and improved, greatly to the benefit of those displaced and the community as a whole.

TABLE A.—ESTIMATED DISPLACEMENT OF HOUSEHOLDS AND BUSINESSES BY GOVERNMENT ACTION, COMMONWEALTH OF MASSACHUSETTS, 1968-72

Takings by—	Residential				Businesses	Percent
	Family	Individuals	Total	Percent		
Renewal.....	5,085	3,942	9,027	42	3,871	56
Highway.....	10,627	71	10,698	49	2,979	42
Other.....	1,438	639	2,077	9	181	2
Total.....	17,150	4,652	21,802	100	7,031	100

Source: Commonwealth of Massachusetts, Bureau of Relocation. Derived from estimates furnished by agencies with eminent domain power.

APPENDIX A

This summary of business displacements for the period 1964 through 1967, and projections for 1968 through 1972 serve to emphasize the increasing seriousness of the economic hardship on the businesses displaced incidental to Federal or federally assisted highway programs.

Based on actual displacement reports received from all taking agencies within the Commonwealth, the following has been established:

REPORTED DISPLACEMENT EXPERIENCE

Urban Renewal.—1964 through 1967, 3623 business units were displaced. Relocation case records indicate the total relocation experience is as follows:

(a) 2717 (75%) units relocated with move expenses

(1) 2078 (75.4%) with relocation costs under \$3000.

(2) 441 (17.5%) with relocation costs over \$3,000 but under \$10,000.

(3) 154 (5.6%) with relocation costs over \$10,000 but under \$25,000.

(4) 42 (1.5%) with relocation costs over \$25,000.

(b) 906 (25%) units ceased operations incurring no move expenses but received property loss, small business displacement payments and other benefits.

Federal and Federally Aided Highway Programs, 1963 through 1967, approximately 246 units displaced. Relocation case records indicate:

(a) 217 (75%) units relocated with move expenses reimbursed up to \$3,000.

- (1) 143 (\$65.9%) with relocation costs under \$3,000 paid in full.
- (2) 61 (28.1%) with relocation costs over \$3,000 paid only \$3,000.
- (3) 13 (6%)¹ with relocation costs over \$25,000 paid only \$3,000.

PROJECTED DISPLACEMENTS 1968 THROUGH 1972

Urban Renewal activities indicate 3870 units will be displaced during this period. There is no reason to believe that the relocation experience will vary substantially from the 1964 through 1967 period.

Federal and federally aided Highway Programs project a displacement of 2979 units during this period, a 1400% increase over the past five years. During this five-year period there will be three units displaced by highway programs for every four units displaced by Urban Renewal.

If the broader base urban renewal experience factors are applied to the projected highway displacement, the results are:

(a) 745 units (25%) will cease operations—liquidation or other—without benefits.

(b) 2,234 units (75%) would normally be expected to relocate:

- (1) 1675 units (75%) with move expenses within the present \$3,000 limit.
- (2) 400 units (17.5%) with move expenses over \$3,000, but under \$10,000.
- (3) 125 units (5.6%) with move expenses over \$10,000 but under \$25,000.
- (4) 34 units (1.5%) with move expenses over \$25,000.

Most recent national statistics indicate a liquidation rate of 25% for urban renewal activities and 35% for federal highway programs. It can be reasonably expected that 10% of the 560 units with move expenses in excess of \$3000 will liquidate due to inadequate relocation compensation. The average number of employees in this business category is slightly over 4 per unit indicating a permanent loss of 224 job opportunities for the area. The other 500 will in relocating experience unwarranted economic hardship, in that the uncompensated move costs will reduce their net worth and, more importantly, their working cash position. This loss of course puts them in an inferior competitive position with both urban renewal relocatees and those businesses not displaced by either program.

As indicated above an additional 745 units can be expected to liquidate for noneconomic reasons, but accelerated by the forced displacement. A gross inequity exists in that these business displacements will not receive the minimal compensation granted to similar displacements due to urban renewal activities. This type of business liquidation almost without exception, involves an elderly business man with a non-salable business due to impending displacement and because of age with no alternatives but to accept the economic loss due to liquidation.

NATIONAL LEAGUE OF CITIES,
U.S. CONFERENCE OF MAYORS,
Washington, D.C., June 18, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Senate Subcommittee on Intergovernmental Relations, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: Please accept this as a supplemental statement to our testimony on S. 698, the Intergovernmental Cooperation Act. The National League of Cities and U.S. Conference of Mayors wishes to reiterate its strong support for title VIII of S. 698 dealing with uniform relocation policy.

In particular, we would like to comment upon section 807(b) which provides that the Federal government shall contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. Such authorization is the most significant step taken by the Federal government in the history of

¹ Urban Renewal experience is 1.5%.

federal financial assistance for relocation and is most welcome by municipalities. While the price to the Federal government at first glance would appear high, the uniformity spread over the entire federal relocation assistance program accompanied by the other provisions of this title which will help overcome or substantially reduce the far more costly delay, confusion and frustration that now prevails from the welter of relocation policies, (with ensuing increased construction costs, expensive court suits, etc.) will by far, more than compensate for whatever additional program expense section 807(b) may create for the Federal government.

As the Bureau of the Budget pointed out the effect of the proposal (section 807(b)) would be to have the Federal government assume almost all relocation payments. We believe this to be fair. However, the Bureau of the Budget stated that it sees " * * * no reason to exempt the first \$25,000 from the usual [program] sharing requirements." The rationale for this suggestion appears to be one of economy.

We strongly oppose this suggestion. The adverse effect of this proposal on municipalities would not be worth the questionable savings to the Federal government.

The Federal highway program is the greatest consumer of federal relocation dollars and moves far more people than any other federally assisted program. Under the B.O.B. proposal, the Federal government would still have to bear 90% of the relocation costs. The additional 10% of the cost could be absorbed far more easily by the Federal government than by an individual city faced with relocating an exceptionally large number of businesses and families because of highway construction. For example, most of the large relocation task in order for the city of Nashville as cited by Mayor Briley, will be caused by construction of Interstate 40.

Moreover, this proposal fails to recognize the already considerable expense borne by a city in any relocation undertaking, be it federally assisted or not. Most federal programs involving relocation require that cities have working relocation programs in effect before they become eligible for federal relocation assistance. A city must, therefore, provide a whole range of services, including planning, at its own expense aside from the federal assistance it would receive.

In some cases, notably urban renewal where a $\frac{2}{3}$ - $\frac{1}{3}$ matching formula generally prevails in the basic program, a similar matching requirement for relocation expense would reduce the amount of relocation assistance presently received by cities from the federal government. Thus, introducing a variety of matching formulae defeats the objective of uniformity title VIII seeks to achieve.

In summary, cities deeply involved in revitalizing themselves are already pressed to the limits of their financial ability by the sheer costs of such revitalization including the major expenditures required to match federal assistance. The effect of the B.O.B. proposal would be like the straw that broke the camel's back to many cities or at least to bring about further delays while additional local matching funds are literally "scrounged" out of other monies already tightly budgeted for local programs.

We also oppose the suggestion that the effective dates of sections 807, 808 and 810(a) (4), (5), (6), (7), (8), (9), and (10), be delayed three years after enactment of the bill. We see no reason why it should take three years for federal assignment of new responsibilities and drafting of new regulations. We fully believe these provisions should be applicable with the 180-day period assigned the rest of the bill so that local governments can immediately be relieved of the financial strains and other improper conditions title VIII seeks to correct.

In conclusion, we strongly urge that section 807(b) not be amended as the Bureau of the Budget has suggested.

For the Committees' additional information, we are submitting a statement filed jointly by the National League of Cities and National Association of Counties with the House Public Works Committee on the subject of relocation and the highway program.

Sincerely,

NATIONAL LEAGUE OF CITIES,
PATRICK HEALY, *Executive Director*.
U.S. CONFERENCE OF MAYORS,
JOHN GUNTHER, *Executive Director*.

SUPPLEMENTARY STATEMENT OF NATIONAL LEAGUE OF CITIES AND NATIONAL ASSOCIATION OF COUNTIES

THE PROBLEM

In many urban areas, highway improvement programs, particularly on the interstate system, are stalled by mounting citizen opposition. These delays not only put off the date when these roads can be completed, to the great benefit to the nation, but also significantly raise the cost of completion of the delayed roads because of inflation of highway building costs and heavy extra expense often involved in redesigning roads to allay citizen opposition. A major factor creating this opposition is the relocation program which is carried out in connection with current highway projects.

Presently, displaced persons and businesses often must bear substantial economic losses which go uncompensated by the relocation program. In addition, the accommodations which displaced persons and business finally obtain are often inferior to those which they were required to move out of. The problem is particularly acute in low income areas where decent accommodations are in short supply. This problem is aggravated more for minority groups who have difficulty obtaining accommodations, or the credit to finance these accommodations, in areas where decent, safe, and sanitary housing and business locations are in adequate supply. In addition to difficulties associated with the highway relocation program, the disparity between relocation assistance under the highway program and relocation assistance under other programs, such as urban renewal, creates further citizen misunderstanding and opposition in highway projects.

Individual attempts are being made by some local governments to minimize problems which relocation programs presently pose. However, federal aid to improve relocation programs is needed because only the Federal government has the financial resources necessary to support and improve relocation programs on the same broad scale as the federal grant-in-aid programs which, in their implementation, cause many of the relocation problems.

The highway program is neither the best, nor the worst, of the federal programs which may require citizens to relocate. Some programs, such as those carried out by the General Services Administration, provide no compensation for relocation expense at all and only the fair market value for property that is taken. However, the highway program, because of its magnitude and the admitted inadequacy of its relocation program, is perhaps more associated with relocation difficulties than any other program. In 1967, the Department of Transportation estimated that 48,983 families and 5,559 businesses will be displaced annually between now and 1970. Thus, improvement of relocation efforts under the highway program is crucial to a general improvement of relocation practices associated with federal grant-in-aid programs.

SUGGESTED IMPROVEMENTS

To correct present deficiencies in the relocation provisions of the Federal Aid Highway Act and to reduce citizen opposition to highway construction programs, the National League of Cities and the National Association of Counties urge that the relocation provisions be revised to include the following elements.

(1) An equitable relocation program, once established by the Congress, should not require authorization by each individual state in order to become effective in that state. The present relocation program is generally admitted to be inadequate even in those states that have authorized the full payment prescribed in the Highway Act, yet fourteen states have not authorized expenditure of any money for relocation programs and a number of others have authorized less than the amount permitted by the Highway Act. Inaction of individual states should not be permitted to thwart development of a national highway system by continuing inequitable relocation policies which raise citizen opposition and stall highway improvements. Section 133(c) of the Highway Act should be amended to assure that the relocation program will apply in all states, regardless of state inaction.

(2) The new relocation program must require that adequate provision be made for relocation of persons and businesses to be displaced by the highway program *before* demolition of property begins. Section 133(b) of the present Highway Act requires the states to give assurance that relocation "advisory assistance" be provided to families displaced by highway projects. This is not

enough, the Act should require that before displacement begins, new quarters should be actually identified for all those to be displaced; families, individuals, and businesses, whether they be tenants or owners of the property. An approved relocation plan should be a condition precedent to approval of any highway project.

The recent report to the Congress by the American Association of State Officials notes:

Purely from the humanitarian point of view, and to be fair and equitable to those who are inconvenienced by the construction of needed highway facilities, ways and means of supplying adequate, sanitary housing before actual construction starts on the highway project must be found.

The Advisory Commission on Intergovernmental Relations has stated:

"The Congress should require that state and local governments administering federal grant programs assure the availability of standard housing before proceeding with any property acquisition that displaces people."

(3) To the extent possible, federal programs should be designed so that relocation activities in connection with various improvement programs can be coordinated under one relocation agency. Presently, relocation is the secondary concern of various agencies responsible for implementing improvement programs requiring relocation. Assigning relocation responsibility to a single agency whose primary concern and experience would be in the field of relocation will assure more equitable and efficient relocation of displaced persons, while leaving the normal operating agencies free to pursue their assigned responsibilities in connection with construction programs to improve urban areas. Federal grant-in-aid programs must be reviewed to assure that participation of a separate relocation agency, as an integral part of implementing the grant program, will be permitted, and can be supported.

(4) Efforts must be made to eliminate the great disparity which presently exists between relocation programs in connection with various federal, state and local improvement programs. There is much discontent with the highway relocation program in urban areas because relocation payments under the urban renewal program are so much greater than those under the highway program. This disparity of payments is very difficult for citizens displaced from similar properties to understand and creates much frustration for those receiving the lower payments. In addition, if a single relocation agency is to be responsible for the relocation program, as we believe necessary, great disparity in relocation payments must be eliminated.

(5) Finally, the most important, a new highway relocation program must make the displaced person whole again. It must place him in a home or business at least equal to that he had before, and on the same terms and conditions as he enjoyed before relocation. If this cannot be done, the individual should receive adequate compensation for his loss. In many cases, particularly in lower income neighborhoods with a limited supply of comparable housing and business locations, payments above the fair market value of the acquired property and above the limited compensation for moving expenses presently provided will be necessary.

Title VIII of H.R. 5523, the Intergovernment Cooperation Act, would equalize relocation payments made in connection with Federal grant-in-aid programs, and substantially improve the level of relocation compensation available. Title VIII would permit the federal government to reimburse 100 percent of state and local government payments for relocation expenses and damages up to \$25,000 for each individual or business displaced as a result of a federally aided program. A cost sharing formula is established for any portion of relocation costs above \$25,000 per displacement. We believe that this is an excellent approach and would broaden relocation compensation sufficiently to limit much of the frustration that now occurs over the compensation problem.

The Advisory Commission on Intergovernmental Relations estimates that application of this formula to the highway program would raise relocation costs by approximately \$29 million annually. It is our opinion that by adopting this approach expensive delays and revision of highway plans occasioned by citizens opposition would be avoided, and that the total cost of constructing the highway would actually be reduced. As the recent report of the American Association of State Highway Officials notes in citing the need for a greatly expanded and more expensive relocation program:

"Some of the efforts to save existing homes, many of which are in run down condition, involve expensive additional construction costs for retaining wall con-

struction, and the like, to restrict the right-of-way widths so that the homes in question can be left in place. In fact, the additional highway construction costs involved may run to more than twice the cost of new replacement housing.

"This additional cost is a rather substantial item when considering the very real cost of substantial delay in getting the project under way and under traffic, for highway costs definitely increase each year that the project is delayed."

Over the past few years, it has been estimated that highway costs have risen annually about three percent as a result of inflation, however, reports by AASHO indicate that presently inflation may be raising costs five or six percent annually. A report by the city of Chicago indicated that last year highway construction costs in and around Chicago went up 12% as a result of inflation. If these more recent inflation pictures are projected onto the whole highway program, or at least that part of it in urban areas, the very real benefits from avoiding delay attributable to opposition to relocation programs and other factors are apparent.

STATE LAWS

Some states have passed laws to reduce the inequities of relocation programs in their states. We cite some provisions of these state laws which we believe deserve consideration for adoption as part of any new federal highway relocation program.

The State of Pennsylvania, in 1964, adopted a relocation law which provides a standard of "just compensation" for relocation. This standard consists of paying the fair market value for real property, plus certain other damages. Payments for these other damages is available to both owners and tenants. These damages include: (1) reasonable expenses for removal, transportation, and installation of machinery, equipment, or fixtures, not to exceed \$25,000 and in no case to exceed the market value; (2) business dislocation damages, up to \$5,000, where it is shown that the business cannot be relocated without substantial loss of patronage; (3) moving expenses for personal property not to exceed the market value of the personal property.

A Massachusetts law requires that any proposed acquisition involving displacement of occupants of more than five dwelling units or more than five business units may not proceed until the State Relocation Bureau has approved a relocation agency and a relocation plan for the project. The relocation plan must include evidence of the "availability of safe, decent, sanitary housing and commercial buildings within the means of the occupant to be displaced," it must also include a program for relocation of the occupants.

The State of New Jersey required the commissioner of the Department of Community Affairs to certify that displacing agencies have workable relocation assistance programs in effect before forcing anyone to move.

The State of Maryland has recently passed a law which allows owner occupants to be compensated for the difference, up to \$3,500, between the fair market value of their property and the average cost, within the same political subdivision, of a decent, safe, sanitary dwelling generally comparable in size to the dwelling being taken.

LOCAL ACTION

Principal focus for change in relocation policies must be on the states and the Federal government.

City activity in relocation is generally governed by the limitations of state statutes and court decisions controlling payments above fair market value. Cincinnati, Ohio is presently developing a program of relocation payments for city programs. Under the program, the city would be authorized to pay \$200 per family and \$3000 per business for moving expenses. Before this year it had not been thought that municipal relocation payments were permitted by state law, so the only relocation payments made were those reimbursed by the state or Federal government.

In the City of Detroit highway relocation payments are generally in accordance with the scale set in the Highway Act, however, a study of one relocation area indicated that relocated individuals and families were paying rents in their new quarters which averaged 16% above their rentals before relocation.

In Atlanta, Georgia relocation payments are also made according to the standard set in the Highway Act, with the state making the payments after they are requested by the local relocation agency. Atlanta goes beyond the state requirements for finding people housing, however, and helps the people to be relocated make contact with those who might provide them new quarters.

NATIONAL ASSOCIATION OF COUNTIES.
Washington, D.C., June 14, 1968.

Hon. EDMUND S. MUSKIE,
*Subcommittee on Intergovernmental Relations, Senate Office Building, Wash-
 ington, D.C.*

DEAR ED: This is a follow-up to our testimony of May 14 to advise you that the National Association of Counties is strongly in favor of section 807(b) of S698, the Intergovernmental Cooperation Act of 1968, which would permit the federal government to reimburse 100% of state and local government relocation costs up to \$25,000 for each individual or business displaced as the result of a federally-aided program. A cost sharing formula is established for any portion of the cost above \$25,000 per displacement. We believe the approach you have taken in your bill is a most desirable and workable one. It would broaden relocation compensation sufficiently to reduce much of the frustration now occurring at the local level over the compensation program.

We feel strongly that by adopting this uniform approach, expensive delays and reviews of plans occasioned by citizen opposition would be avoided. This relocation problem has also become most apparent in hearings we have testified at on the federal highway program. The great disparity between relocation assistance under that program and under other programs such as urban renewal creates terrific citizen misunderstanding for our local officials. Altho individuals attempts are being made at the local level to avoid some of the problems which federal relocation programs presently pose, uniform program of federal assistance for all its myriad relocation programs is desperately needed.

The testimony of Mr. Hughes of the Bureau of the Budget indicated some problems that the Bureau had with section 807(b). As our witness on May 14, Gladys L. Spellman, chairman of the Board of County Commissioners pointed out, any attempt to turn back the clock and require local and state governments to provide relocation matching assistance in the same proportion as the grant-in-aid matching ratios, would be catastrophic.

We believe it is impractical and unrealistic to expect a rolling back of HUD programs, not only urban renewal, but also Model Cities, which relocation assistance would go below existing arrangements. Fiscally, the savings would not be very significant in that BOB proposes that a basic formula prevail, and in the case of our federal highway program, the largest relocation assistance program, the matching ratios would be 90-10.

Title VIII would necessitate states and local governments to enact legislation permitting their governments to enter into contractual relationships. Local bodies will have to seek immediate enabling legislation in order to continue programs they are now in. Furthermore, the \$25,000 maximum figure takes away much of the sting in making relocation programs uniform at the local level. The Bureau of the Budget proposal, on the other hand, sets an effective date of 3 years after enactment. This would serve to avoid most of the land-acquisition problems in the federal interstate highway program. The BOB position is that this 3 year interim period would give legislatures time to tool up for the change. I might suggest that a more subtle reason might be to save federal money during this most critical point in our federal spending. We believe that the effective date must be immediate in order to make the job of enabling local legislation easier. The \$25,000 provision of section 807(b) would facilitate immediate enabling legislation by our local governments.

In conclusion NACO believes that the federal government must find the financial resources necessary to support and improve our present relocation programs. Congress can make the programs fair and uniform for all concerned by enactment of title VIII in S698.

Sincerely yours,

BERNARD F. HILLENBRAND, *Executive Director.*

NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS,
Washington, D.C., June 5, 1968.

Mr. CHARLES M. SMITH,
*Staff Director, Subcommittee on Intergovernmental Relations, Senate Office
 Building, Washington, D.C.*

DEAR CHARLES: NAHRO is glad to respond to your request for our opinion on the proposal of the Bureau of the Budget that relocation payments be shared under a matching formula, rather than reimbursed in full by the Federal government.

We have a number of observations related to: (1) past experience in Federal assistance to relocation (2) practical questions in achieving adequate relocation assistance (3) the elements of uniform relocation assistance and (4) the role of the Federal government in relocation assistance.

PAST EXPERIENCE IN FEDERAL ASSISTANCE TO RELOCATION

Under the Housing Act of 1956, a system of 100 percent reimbursement was established for relocation payments under the urban renewal program. This was extended to the public housing program in 1964. Under this system, local public agencies administering urban renewal and public housing established relocation service offices and began to disburse payments and give assistance to all those displaced. Over the period of the last ten years, payments made to displacees have universally met the standards set in the Federal statute. With the assistance of the Federal government, local public agencies have been able to gain experience and insight into the whole problem of displacement. The urban renewal program has performed a leadership role in understanding the effects of displacement and bringing assistance to those displaced. It is on the threshold of organizing even more effective relocation techniques and assistance.

The Federal Highway Act of 1962 provided for relocation assistance on a matching basis of 90 percent to ten percent. Under this system, only some 20 States have elected to avail themselves of Federal funds, and a number of these do not pay the maximum benefits permissible under the Federal statute. Moreover, the laws in these some 20 States, except for a handful of exceptions, cover reimbursement only for moving costs, and only for federal-aid highway displacement.

If experience under these two systems in the past is any criterion, than meeting the standards set in Federal statutes and moving ahead to set up effective relocation operations on the State and local level, is far more likely under a 100 percent reimbursement schedule.

PRACTICAL QUESTIONS IN ACHIEVING ADEQUATE RELOCATION ASSISTANCE

As noted above, only some 20 States have established legislation which authorizes relocation assistance—and only six of these States have laws which cover reimbursement beyond moving costs and federal-aid highway displacement. Based on past experience, it is not likely that changes would or could be made in State laws, within the three year time schedule set in the proposal of the Budget Bureau, to make a shared-cost system workable. One of the important rationales in establishing a 100 percent reimbursement schedule in the urban renewal program in 1956, was doubt as to whether State constitutions and laws would permit local public agencies to extend compensation in excess of awards for property acquisition. This is still a serious constraint on a shared-basis for relocation assistance.

Conversion of the urban renewal and public housing programs to a shared system of relocation assistance at this time could be a serious set-back to the relocation progress which has been made over the past decade. Local communities, already in financial distress, would be required to find a matching contribution in most cases equal to one-third of total costs. Any inability to do so would undoubtedly result in discouragement and frustration among displaced themselves, particularly if this involved a step-back from the benefits currently being given.

THE ELEMENTS OF UNIFORM RELOCATION ASSISTANCE

Two factors relate to the rationale for a uniform policy of relocation assistance by the Federal government. First, relocation assistance has come to be recognized as a unique governmental function, with an identity of its own, not basically affected by the type of improvement activity which causes displacement. Under such an understanding, it does not seem logical or equitable for the Federal government to reimburse relocation assistance in one federally-assisted program to a greater degree than in another, as would happen if the current matching formulas should be used as the basis for reimbursement: (for example, interstate highway displacement would be reimbursed on a 90-10 basis, while most reimbursement for urban renewal would be on a $\frac{2}{3}$ - $\frac{1}{3}$ basis.) A second factor is that the administrative ground-rules for reimbursement, as well as the level of reimbursable payments, should be considered in the establishment of a uniform relocation assistance program by the Federal government. Only such a system can truly be called "uniform."

THE ROLE OF THE FEDERAL GOVERNMENT IN RELOCATION ASSISTANCE

The Federal government must continue to perform a leadership role in bringing relocation assistance to all those displaced by public action. The goal of the present title of S. 698—uniform relocation assistance for all those displaced by Federal or Federally-assisted programs must be made a reality. The surest and most effective way to achieve this goal is for the Federal government to provide for 100 percent reimbursement of relocation costs. Such action by the Federal government would also provide the quickest way to stimulate State and local governments to take responsibility for providing assistance for those displaced by State and local improvement programs. At the present time, about half of all displacement comes from State and local public programs, not related to Federal assistance. Already, the role of the Federal government in bringing assistance to those displaced by Federally-assisted programs is bringing actions to provide similar benefits for non-Federally-related displacement.

For all of these reasons, NAHRO favors the establishment of a 100 percent Federal relocation assistance for all Federal or federally-aided programs which cause displacement.

Sincerely yours,

JOHN D. LANGE, *Executive Director.*

STATEMENT OF ANGUS McDONALD, DIRECTOR OF RESEARCH, NATIONAL FARMERS UNION

Mr. Chairman and members of the committee, although we cannot qualify as experts in the field of state and local taxation and programs which make available to the states grants-in-aid for various purposes, we feel that this legislation is a step in the right direction inasmuch as it would, if enacted and administered properly make systems of states, grants-in-aid and various programs initiated by the Federal Government more consistent in carrying out the objectives of Congress.

Our impression is that the several states administer grants-in-aid in various different ways depending on the local situation. It has been reported that in some instances grants-in-aid by the Federal Government were used to reduce or substitute the amounts available appropriated by the state. If this is true, we think it is a subversion of the Congressional purpose.

The plight of the states and local tax districts in regard to the availability of needed funds is well known. Although we do not favor the turning over of Federal funds to the states without standards or strings attached, we would hope that the some 220 grants-in-aid programs would be continued and expanded and that this legislation would lead to greater efficiency in the administration of programs.

We would hope also that the legislation would encourage the states to rely more on income taxes as a source of revenue. We note from a recent report titled "State and Local Taxes" authored by the Advisory Committee on Intergovernmental Relations, that of the thirty-one billion, nine hundred and ten million total dollars collected by states in the year 1967, only two billion, two hundred and twenty-seven dollars were derived from corporate net income taxes. In view of the substantial reduction in corporate taxes effected by Congressional law, we hope that the states will rely more heavily on corporate taxation and taxation of wealthy individuals.

The Farmers Union has recently supported the principle of ability to pay taxation in a resolution passed unanimously at our national convention in March 1968. This principle was reaffirmed on May 27, 1968 in a statement issued by the Executive Committee of the National Farmers Union which called for the imposition of excess profit taxes to meet the current fiscal emergency.

Billions of dollars annually are realized by foreign corporations from investments in the various states. Stockholders residing in New York, Boston, Pittsburgh and other financial centers drain Southern and Western States of their financial resources contributing little for welfare and educational purposes.

STATE OF VERMONT,
Montpelier, May 20, 1968.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: In October of 1967, the 59th Annual Governors' Conference passed a resolution urging "enactment without delay of the Joint Funding Simplification Act."

This recommendation reflects the growing concern of the Governors with proliferation of federal grants-in-aid. More specifically, it reflects concerns about the increasing complexity in responding to federal grant offerings so as to carry out national and state purposes.

We have long urged, in testimony before the Committees of Congress and by resolution at our annual meetings, the need for streamlining and simplifying the procedures which govern the flow of federal funds to the states, as well as to other governmental jurisdictions. As Governors, we welcomed the President's message of March 1967 in which he took cognizance of the proliferation of grant-in-aid programs as contributing to red tape and delay, placing "extra burdens on State and local officials."

In that message, the President proposed general legislation making it possible "for federal agencies to combine related grants into a single financial package thus simplifying the financial and administrative procedures." The Joint Funding Simplification Act was drafted to facilitate such simplification of financial and administrative procedures.

To give greater specificity to the consideration of this Act, the National Governors' Conference Committee on Revenue and Taxation, of which I am chairman, solicited from the Governors their experience in packaging of federal grants to achieve state objectives. Review of these experiences suggests that legislative authorizations called for by the Joint Funding Simplification Act would—

- (1) permit the more effective use of federal funds in carrying out congressional intent as well as state objectives;
- (2) avoid the delays involved in sorting out the multiplicity of grant provisions now available;
- (3) facilitate the adoption of packaged grant programs to move forward more rapidly and in concert with state policies; and
- (4) reduce the cost to the states in applying for and receiving federal funds.

Responses from the Governors thus indicate the urgency of action as a beginning step toward removing barriers to packaging of federal grants-in-aid. Differences in administrative rulings, in accounting provisions, in plan submittal

requirements, coupled with the variety of appropriation provisions, stand in the way of effective use of federal aids by the states in carrying out national and state objectives. The attached statements abstracted from the responses of the Governors indicate that combined packages of federal grants have not been successfully worked through under existing legislation.

The nation's interest in industrial development in the backward areas would be pursued more effectively if a number of grant programs could, in fact, be put together to help the states carry on the intent of, for example, the grants administered by the Department of Transportation and the Economic Development Administration.

Water pollution control would be achieved more rapidly if grants from several agencies could be combined.

Rural water and sewer planning could be advanced by combining funds of the Department of Housing and Urban Development and the Department of Agriculture.

The pursuit of health services in the neighborhoods, of health care for migrant workers, of child welfare services, could be greatly enhanced if the appropriate grant provisions could be combined.

It is clear from the reports of the Governors that where the federal agencies have taken the initiative, such as in combining through a single plan submission of separate grant programs, such combinations have been worked through with reduced processing time and reduced expenditure of funds by the states in applying for and receiving federal assistance. The joint plan submissions for title VIII of the Housing Act of 1964 and title IX of the Demonstration Cities and Metropolitan Development Act of 1966 serve as a model for what might be done.

In response to the President's Quality of Government Message several federal agencies have sought to develop other packages of federal aids. The recent endorsement by the U. S. Office of Education of a combined packaging of educational aids proposed by the State of Texas provides a design for comprehensive packaging and planning of federally assisted educational programs. The state plans for the Elementary and Secondary Education Act, titles I, II, III, V and VI, the National Defense Educational Act, titles III and V-A, the Vocational Education Act of 1963, and the Educational Professions Development Act of 1967 are to be modified to permit the packaging of federal funds for these programs, and the use of the funds in accord with the developed state coordinated policy. Local school districts in harmony with this policy may generally submit single plans for federal aid and single reports.

In other instances, where the intent has been to package federal aids, authority was not available that could facilitate and encourage such combinations. Delays in processing, developing out of precise reviews of differences in legislative authority, create barriers to such packaging in the absence of new legislative authority. As one Governor points out the progress toward program simplification has been haphazard because of the absence of a strong federal commitment, an absence which in part is attributed to lack of clear legislative authority.

We would welcome the inclusion of this letter and attached materials in the record of hearings on S. 2981, the Joint Funding Simplification Act.

Sincerely,

PHILIP H. HOFF,
Governor.

(1) Has any single agency in your state (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Technical assistance and training	Title VIII, Housing Act, and title IX	U.S. Department of Housing and Urban Development.	State department of community affairs.

(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).

State objective	Title of grant programs	Federal agencies	State agencies
Planning	701 urban planning, BOR planning, and PPR	HUD, Interior, and DOT	Development commission, highway department agriculture and natural resources, and department of finance and control.

General Comments

Except for one application to the Department of Housing and Urban Development for a program under title VIII of the Housing Act of 1964, as amended, and title IX of the Demonstration Cities and Metropolitan Development Act, which has received tentative approval, we have not been successful in packaging two or more federal grant applications into one proposal to achieve a specific State objective.

We have, on several occasions, sought to enhance our applications by providing a combined program description; however, applications had to be reduced to individual applications to each Federal agency for its portion of the total program.

It is recognized that joint funding by more than one Federal agency of specific State objectives, which often also involve more than one State agency by packaging applications, state plans, and/or project proposals, represents a major departure from existing grant-in-aid procedures at both the State and Federal levels. Packaging arrangements authorized by the Joint Funding Simplification Act appear to be adequate in the light of present State policies and procedures. Experience will no doubt point up problems inherent in the proposed legislation, as well as additional steps which can and should be taken.

Federal agency administrative regulations should allow the flexibility necessary to administer programs in accordance with each State's ability and willingness to implement programs within the intent and spirit of enabling Federal laws.

ILLINOIS

(1) Has any single agency in your state been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Better transportation systems in localities.	Highway planning and research program (Federal Highway Act of 1962). Sec. 701 of Housing Act.	Department of Transportation.	Department of public works and buildings (division of highways).
Improved sewer and water systems in localities.	Area water and sewer systems planning grant program (sec. 306a of Farmers Home Administration Act of 1961); sec. 701 of Housing Act.	Department of Housing and Urban Development. Department of Agriculture. Department of Housing and Urban Development.	Department of business and economic development (division of local and regional planning). Department of business and economic development. Division of local and regional planning; State Farmers Home Administration Office.
Improved health services in localities.		Office of Economic Opportunity; Department of Health, Education, and Welfare (Public Health Service).	Department of public health. Department of public health; Chicago Board of Health.
Improved health services for migrant workers.	Migrant health services; services for children.	Public Health Service and Children's Bureau.	
Developing comprehensive health services in localities.	Comprehensive health services.	Office of Economic Opportunity; Department of Health, Education, and Welfare (Children's Bureau).	

(2) Please cite examples where a state agency has been unsuccessful in its attempt to package federal grants.

State objective	Title of grant programs	Federal agencies	State agencies
More job-producing activities.	Title III, Public Works and Economic Development Act. Sec. 701 of Housing Act.	Department of Commerce. Department of Housing and Urban Development.	Department of business and economic development.

(3) Do you have pending one or more proposals for Federal funding that involves an attempt to package Federal grants?

State objective	Title of grant programs	Federal agencies	State agencies
Better trained community development personnel.	Title I of Higher Education Act. Title VIII of Housing Act.	Department of Health, Education, and Welfare. Department of Housing and Urban Development.	Community service and continuing education council, board of higher education. Administers both title I and title VIII programs.

KANSAS

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Recreation planning	701 and Bureau of Outdoor Recreation	HUD and BOR	Department of economic development; health; water resources; highway; park and resources authority; forestry, fish, and game commission; historical society.
P-55 health planning	701 and health planning	HUD and HEW	Department of economic development and legislative council
Rural water and sewer planning (cities under 2,500 population)	701 and water and sewer planning	HUD and Farmers Home Administration	Department of economic development (acts as coordinator between cities and consultants).
Transportation studies in metropolitan areas	701 (city gets grant for study, highway receives reimbursement for its costs from Bureau of Public Roads highway planning and research funds).	HUD and Bureau of Public Roads	Highway commission.

(2) Please cite examples where a state agency has been unsuccessful in its attempt to package federal grants.

Transportation Studies in Metropolitan Areas.—Since these projects involve origination and destination studies, land use studies, and socio-economic studies, there is often a lag of time between completion of each phase: Highway officials have found that in some cases their part of the over-all project is badly out-dated by the time the city receives its HUD 701 money and gets the city portion under way and completed. Biggest problem is fitting time-wise the studies and funding together while study data is current.

General Comments

Our review of federal grant programs administered through state agencies reveals that examples of packaging accomplished or attempted have been limited to planning and survey activities of the Kansas Department of Economic Development (State planning agency) and the State Highway Commission.

MAINE

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more Federal grants to achieve a specific State objective under existing Federal legislative authority? If so, list the Federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Vocational training of handicapped ¹	Manpower Development and Training Act Vocational Rehabilitation.	Office of Education—Social and Rehabilitation Administration.	Education—Maine Employment Security Commission.
Professional training of Department of Education personnel ²	Title III, NDEA Title V(a), NDEA Title V, ESEA Title II, ESEA Title I, ESEA Title IV, ESEA Title V, ESEA	do do do do do do do	Do. Do. Do. Do. Do. Do. Do.
Improvement of early reading programs	Title III, NDEA Public Law 88-443 Public Law 88-164 Public Law 88-164	do do Hill-Burton—Public Service, Mental Health Center Construction, National Institute of Mental Health. Social and rehabilitation services	Do. Do. Health and welfare mental health and corrections. Mental health and corrections.

¹ Counselor service on personal adjustment and work orientation of multihandicapped (basically mentally retarded persons).

² Combined in payment of salaries, tuition, fees, books of members of professional staff on securing graduate level training.

(2) Please cite examples where a State agency (or combination of State agencies) has been unsuccessful in their attempt to package Federal grants, or discouraged from such attempts by presumed lack of Federal authority? Provide the same details about the programs and agencies as in question (1).

State objective	Title of grant programs	Federal agencies	State agencies
Vocational training of unemployed and underemployed.	Vocational Rehabilitation Manpower Development and Training Act; Vocational Education-Neighborhood Youth Corps.	Social and Rehabilitation Administration; U.S. Employment Service; Office of Education; Department of Labor.	Maine Employment Security Commission.

(3) Do you have pending one or more proposals for Federal funding that involves an attempt to package Federal grants? Please give the same details about programs and agencies as in questions (1) and (2).

State objective	Title of grant programs	Federal agencies	State agencies
Construction of college facilities.....	Title I, Higher Education Facilities Act.....	Office of Education; Department of Housing and Urban Development.	Education. ¹
	Title I, N.E. Regional Commission.....	Economic Development Administration.....	Do.

¹ Possibility of eligibility of Washington State College for E.D.A. aid. Definitely qualifies for H.E.F.A. funds.

General Comments

The progress toward program simplification has been haphazard, in part; I feel, because of the absence of a strong Federal commitment. In my judgment, additional steps towards simplifying the administration of Federal grants should be taken quickly. For instance, Maine's strategy for economic development stresses the need for identifying and strengthening transportation networks linking our Regional growth centers. To this end, joint funding of transportation programs by HUD and the Department of Transportation would be most helpful.

I would further suggest the good offices of the New England Regional Commission be used to pinpoint those precise areas of Regional development where the need for coordination in the administration of Federal programs has become apparent.

MICHIGAN

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more Federal grants to achieve a specific State objective under existing Federal legislative authority? If so, list the Federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Manpower development training.....	Manpower Development Training Act; title II-B, Department of Labor, Bureau of Employment Security and Bureau of Apprenticeship Training; Department of HEW, Division of Vocational Education and office of Economic Opportunity.		Department of education.

(2) Please cite examples where a State agency (or combination of State agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).

State objective	Title of grant programs	Federal agencies	State agencies
Recreation—Parks—Land acquisition.....	Land and water conservation fund and crop and adjustment program.	Department of Interior, BOR; USDA.....	Michigan Department of Conservation.

The Bureau of Outdoor Recreation has decreed that they must provide 50% acquisition costs (or none) precluding the effective use of other federal programs in land acquisition (namely Pittman-Robertson, Dingell-Johnson, P.L. 566, Green Span, etc.).

(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants? Please give the same details about programs and agencies as in questions (1) and (2).

State objective	Title of grant programs	Federal agencies	State agencies
Community development.....	Titles VIII and IX.....	HUD.....	Office of Planning Coordination.
Airport development.....	Federal aid airport program, Public Works and Economic Development Act of 1965, titles III and title V.	Federal Aviation Agency, Economic Development Administration, Upper Great Lakes Regional Commission.	Department of commerce.

General Comments

The various packaging arrangements authorized by this proposed Act (including the waiving of the single state agency requirement under certain circumstances) would allow the states to use federal assistance more creatively. However, some of the administrative improvements proposed in this bill should not be contingent on joint funding. There is a great need for more uniform technical and administrative requirements among related Federal grant-in-aid programs regardless of whether there will be joint funding under these programs.

There is also a need for greater flexibility in the statutory and administrative requirements for federal aid programs. Both Congress and the federal aid agencies have a tendency to use "boiler plate" language geared for those states with the least administrative capabilities. This policy places unnecessary and unreasonable administrative burdens on the majority of states. Since this bill authorizes federal agencies to review their program requirements and authorizes the President to recommend changes in the statutory requirements to Congress in order to assist joint funding, perhaps the purpose of the bill could be broadened to include a general review of federal aid requirements.

NEW HAMPSHIRE

General Comments

The New Hampshire situation does not conform to the several questions raised in your April 2 letter. Our state has a detail line item appropriation system which does not allow transfer of funds between agencies; and further prohibits transfers from appropriations for permanent personnel services, out-of-state travel, or equipment.

Due to these limitations the packaging of federal grants must occur prior to budget consideration and approval by the Executive and Legislative. This means that such federal allocations must be known by the agencies in firm dollar detail prior to October first in the year preceding the biennial legislative session.

These limitations and conditions do not detract from my interest in early action on the Governors' Conference proposal. Instead, it emphasizes the need for such early action well in advance of October 1, 1968. If the present federal fund allocation is not changed, the New Hampshire budgets passed by the 1969 Legislature will prohibit a packaging of funds until fiscal 1972.

OHIO

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more Federal grants to achieve a specific State objective under existing Federal legislative authority? If so, list the Federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Program for school disoriented youth in Cincinnati.	Vocational Rehabilitation Act 29 U.S.C. 4 (sec. 31 et seq.) and vocational education funds under the Vocational Education Act of 1963.	U.S. Office of Education and the Rehabilitation Service Administration.	The Bureau of vocational rehabilitation and the division of vocational education.
A residential center at Mahoning Valley	Manpower Development and Training Act of 1963 and Vocational Rehabilitation Act.	U.S. Department of Labor, U.S. Office of Education, and the Rehabilitation Service Administration.	Ohio Bureau of Employment Services; bureau of vocational rehabilitation and division of vocational education.
Mental health for Dover area	Hill-Burton and Appalachian County-Community Mental Health Center	HEW and Commerce	Department of mental health and correction.
Five county region mental health, Zanesville	Supportive services to on-the-job training program.	HEW, Public Law 88-164, for construction; HEW, Public Law 89-105, operation for 51 months.	Office of correction and department of mental hygiene.
Job training	Supportive service to Neighborhood Youth Corps.	OE and Department of Labor	Ohio Office of Opportunity—TA.
Neighborhood Youth Corps	Aims—Jobs, Cleveland, Ohio.	do	Do.
Special impact	Day care of urban, rural, and migrant.	Department of Labor and OE	Do.
Day care		OE and HEW	Ohio Department of Welfare, Education, and Health.
			Ohio Office of Opportunity—TA.

(2) Please cite examples where a State agency (or combination of State agencies) has been unsuccessful in their attempts to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).

State objective	Title of grant programs	Federal agencies	State agencies
Combination of remedial education with job training of unemployed.	Manpower Development and Training Act of 1963, and title III (adult education phase of the OEO).	Health, Education, Welfare, and Labor, and Office of Economic Opportunity.	Division of vocational education and division of Federal assistance programs.
Training of unemployed youth with referrals from other agencies.	Neighborhood Youth Corps (under the OEO).	Office of Economic Opportunity; Health, Education and Welfare, Department of Labor.	Ohio Bureau of Employment Services and division of vocational education State of education.
Training of delinquent youth in cooperation with the youth commission.	Manpower Development and Training Act (experimental and demonstration funds), and the Vocational Education Act of 1963.	Department of Labor and U.S. Office of Education.	Ohio Youth Commission and the division of vocational education and Ohio Bureau of Employment Services.
Training of unemployed within Akron, Ohio, under a cooperative relationship between the city board of education and industry and business.	National Alliance for Businessmen and the Manpower Development and Training Act.	Departments of Commerce and Labor.	(Consultant services: Division of vocational education) Akron City Public Schools Administration.
Cleveland Training Center for School Disoriented Youth.	National Alliance for Businessmen and Vocational Education Act of 1963 and Office of Economic Opportunity.	Office of Economic Opportunity, National Alliance for Businessmen, and U.S. Office of Education.	Division of vocational education and Cleveland City Board of Education.

(3) Do you have pending one or more proposals for Federal funding that involves an attempt to package Federal grants? Please give the same details about programs and agencies as in questions (1) and (2).

State objective	Title of grant programs	Federal agencies	State agencies
Pilot neighborhood center for Cincinnati.	Model city.	Office of Economic Opportunity, HUD, and HEW.	Ohio Office of Opportunity and Ohio Department of Development (TA).

SOUTH DAKOTA

General Comments

In regard to your first question we would like to inform you that the only federal grants that were combined for a single purpose to our knowledge have been Farmers Home Administration, Water Sewer Planning Grants, along with Housing and Urban Development "701" Planning for some of our Counties. These grants were not actually combined grants but one grant did recognize the product produced by the other grant and a considerable amount of duplication was eliminated in both grant programs.

As regard examples where the State Agency has been unsuccessful we wish to advise that we have not attempted to combine federal grants due to the fact that most of the guidelines for various programs do not lend themselves to the combining of federal grants which would be extremely important if the guidelines were such that they would allow packaging of these grants.

We would certainly urge adoption of legislation which would package these grant programs. In one of the areas in particular that we are interested in would be planning on both the local and all the state departmental levels using a single agency in state government to coordinate the various activities of various departments of State Government. We in South Dakota are attempting to do this through the State Planning Agency at the present time; however, most departments obtain their grants directly from federal departments and by-pass the single state agency which eliminates the possibility of packaging more than one Planning Grant in an application.

RHODE ISLAND

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more Federal grants to achieve a specific State objective under existing Federal legislative authority? If so, list the Federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Initiation of State planning, preparation of comprehensive plan.	Highway planning and research, urban planning assistance, community shelter planning program, and regional action planning commissions.	BPR, HUD, OCD-DOD, and New England Regional Commission.	Department of Public Works, Rhode Island Development Council.
State data bank.	Urban planning assistance and highway planning and research.	HUD and BPR.	Do.
Base mapping.	Metropolitan mapping, community shelter planning, highway planning and research, and urban planning assistance.	Bureau of the Census, OCD-DOD, BPR, and HUD.	Rhode Island Development Council, Department of Public Works, statewide planning program.
Construction of Interstate 95 in Providence.	Urban renewal and interstate and defense highway.	HUD and BPR.	Department of Public Works, Providence Redevelopment Agency.
Construction of Memorial Boulevard extension in Newport.	Urban renewal and primary highway system.	do.	Department of Public Works, Newport Redevelopment Agency.
Green acres.	Open space, land and water conservation.	HUD; Department of the Interior.	Department of natural resources.
Statewide planning.	Highway planning and research; urban planning assistance.	DOT; HUD.	Statewide planning program.
Public transit.	Mass transit demonstration projects; mass transit grants and loans; urban planning assistance.	HUD.	Statewide planning program; Rhode Island Public Transit Authority.
Recreation area in Bristol, R.I.	Open space.	HUD; Bureau of Outdoor Recreation.	Department of natural resources.
Inservice training.	Title I of the Higher Education Act of 1965.	U.S. Office of Education.	Local and metropolitan government; Bureau of Government Research of the University of Rhode Island.

(2) Please cite examples where a State agency (or combination of State agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).

State objective	Title of grant programs	Federal agencies	State agencies
Industrial development.....	Grants for public works facilities—highway construction.	EDA; DOT.....	Department of Public Works.
Water Pollution Control.....	Grants for public works facilities—grants for basic sewer facilities.	EDA; HUD.....	Do.
Water service to east bay area.....	Public works and development of facilities, Urban Planning Assistance.	EDA; HUD.....	Public Utilities Division Statewide planning program.
Acquisition of Big River Reservoir site.....	Land and water conservation, public works, and development facilities.	BOR; EDA.....	Department of Natural Resources. Statewide planning program.

(3) Do you have pending one or more proposals for Federal funding that involves an attempt to package Federal grants? Please give the same details about programs and agencies as in questions (1) and (2).

State objective	Title of grant programs	Federal agencies	State agencies
Comprehensive State planning for fiscal year 1968-69.	Highway planning and research, Urban Planning assistance community shelter planning, regional action planning commissions.	BPR; HUD; OCD-DOD. New England Regional Commission.	Department of Public Works. Rhode Island Development Council.
Extension of RI-37 and expansion of T. F. Green Airport.	Primary highway system.....	BPR; FAA.....	Department of Public Works.
Strengthen local government.....	Training for community development. Urban information and technical assistance.	HUD.....	Rhode Island Development Council.
Develop an "umbrella" program to administer and supervise several Federal programs.	Title I, ESEA compensatory education, title II; ESEA school library resources; title III, ESEA supplementary educational centers; title V ESEA strengthening State education departments; title III, NDEA science, mathematics, modern french language; title V NDEA testing, guidance.	U.S. Office of Education.....	Rhode Island Department of Education.
Analysis of several areas of current and proposed programs.	Title VIII of the Housing Act of 1964; title IX of the Demonstration Cities and Metropolitan Development Act of 1966.	HUD.....	Local and metropolitan government; Community Assistance Division of Rhode Island Development Council.

(Department of Public Instruction)

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Support RIMC's ¹	NDEA, title III, Appalachia ¹	USOE, Department of Commerce.....	DPI, Department of Commerce.

(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority.
 Answer: We are presently attempting to package NDEA and ESEA programs. There appears to be legal problems since both represent categorical aid.
 Provide the same details about the programs and agencies as in question (1).

State objective	Title of grant programs	Federal agencies	State agencies
Beef up State leadership services and special programs for LEA's. ¹	NDEA and ESEA.....	USOE.....	DPI.

¹ LEA, local educational agency; NDEA, National Defense Education Act; ESEA, Elementary and Secondary Education Act; and RIMC, regional instructional material centers.

(2) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants? Please give the same details about programs and agencies as in questions (1) and (2).
 Answer: Yes; we are planning to package State Administrative Funds for the Programs in Item 2.

State objective	Title of grant programs	Federal agencies	State agencies
Reduce redtape..... Simplify the reporting and accounting.....	NDEA..... ESEA.....	USOE..... USOE.....	DPI..... DPI.

General Comments (Charles Lieberth)*

1. The operation of a project is frequently restricted by the rigid Federal program manual. Imaginative approaches and flexibility are essential to meet local requirements and application.
2. The State has a very limited role in priority determination of programs emphasizing social and economic approaches.
3. Certain Federal programs require citizen participation yet exclude State participation. The State's role is often only as a participant in supplying funds.
4. Federal program administrative organization needs to be adapted to State-local needs. The Act would aid in this adaption.
5. The State must have a major opportunity to exercise control over the future of individual and city environments. It must have an important role in the development of an urban-rural strategy.
6. The Act is a step toward the development of a State system viewpoint utilizing Federal funds and programs. A systematic technique for program application and audit would reduce the present constraints on unified and pin point action.
7. The Act is a legislative vehicle which will enhance the intent and spirit of Creative Federalism.

Recently I have had the opportunity to contribute to a packaging design for ESEA-Title V. Under this arrangement there would be a single State submittal, a single State financial reporting requirement and audit. This is a current development and it exemplifies the aim of the Joint Funding Simplification Act in one area of Federal programs. D. Allan Huff, Director of ESEA-Title V, Bureau of Elementary and Secondary Education, Office of Education, H.E.W., Washington, D.C., provided us the opportunity to contribute in its development.

WASHINGTON

Department of Public Assistance

- (1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more Federal grants to achieve a specific State objective under existing Federal legislative authority?

Comments

We have never been successful in packaging two or more federal grants to achieve a specific state objective under such packaging arrangements as would be authorized by the Joint Funding Simplification Act.

- (2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority.

Comments

We have been discouraged from attempting to package federal grants in the past by presumed lack of federal authority, particularly in programs relating to the testing and training, including the provision of basic education and/or vocational training, for otherwise employable persons in order to make them partially or fully self-supporting.

*Charles J. Lieberth, Director, Federal Program Coordination.

To achieve state objectives, we have attempted at the State level to utilize programs that are under the jurisdiction at the federal level of the Department of Labor, the Office of Economic Opportunity and various division of the Social and Rehab Services, such as Vocational Rehabilitation, Children's Bureau, and other divisions of the Department of Health, Education and Welfare, such as Public Health, and Education. At the State level, the following agencies have been involved: The Department of Health, the Division of Vocational Rehabilitation of the Department of Education, the Vocational Education Division and Basic Education Division of the same department, as well as the State Office of Economic Opportunity and the Department of Public Assistance.

(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants?

Comments

We are currently experiencing a problem in taking advantage of federal provisions to earn federal grants-in-aid through Title XIX of the Social Security Act for persons over age 65 in mental institutions due to a rigid interpretation of the "single state agency rule."

Department of Health

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more Federal grants to achieve a specific State objective under existing Federal legislative authority? If so, list the Federal grants that were combined as follows:

State objective	Title of grant programs	Federal agencies	State agencies
Planning, constructing, licensing, and certifying health facilities.	"Public Health Services," sec. 314(d), Public Law 89-749. Hospital Administration, title VI, Public Health Service Act (sec. 606) Medicare, title XVIII of Social Security Act (sec. 1864). Sec. 302 (C-10) Federal Property and Administrative Service Act. Maternal and Child Health, title V of Social Security Act.	Bureau of Health Services, Public Health Service, HEW. Hospital and medical facilities program, PHS, HEW. Social Security Administration, HEW. Division of Indian Affairs, PHS, HEW Children's Bureau, HEW	State health department. State insurance commission. State Department of Labor and Industries. State health department.
Health services to Indians.			
Plan, organize, coordinate resources, and promote smoking and health program.	Public Health Services, sec. 314(d). Public Law 89-749. Public Health Services, sec. 314(e), Public Law 89-749	Bureau of Health Services, PHS, HEW	Do. State department of public instruction.

(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).

State objective	Title of grant programs	Federal agencies	State agencies
Highway safety	Highway safety program, Public Law 89-564	Department of Transportation	Washington Traffic Safety Commission.
Enhancement of health services in local areas	Public Health Services, sec. 314(e)	Public Health Service, HEW	State department of health.
	Public Health Services, sec. 314(d), Public Law 89-749.	Do.	Do.
	Maternal and child health, title V, Social Security Act.	Children's Bureau, HEW	Division of vocational rehabilitation.
	Medicare, title XVIII and XIX, Social Security Act.	Social Security Administration, HEW	State department of public assistance.

WASHINGTON URBAN LEAGUE, NEIGHBORHOOD DEVELOPMENT CENTER AND PROGRAM—PIERCE STREET: AN URBAN RENEWAL EXPERIENCE TWO YEARS LATER

SUMMARY OF ACTION TAKEN TO IMPLEMENT RECOMMENDATIONS MADE AUGUST 17, 1966 TO THE COMMUNITY ON CHANGING RELOCATION PRACTICES

The Neighborhood Advisory Council of the Urban League Neighborhood Development Center published a report in August 1966 relating to the experiences of families relocated from Pierce Street in the Northwest One Urban Renewal area in Washington, D.C. The report was prefaced by a number of recommendations to the community and urged appropriate agencies and persons to make modifications in current relocation procedures and programs.

Much of the effort expended by the community organization program of the Neighborhood Center during the two years since the report was released has been devoted to the implementation of these recommendations. How well both the community and the urban renewal agency, the Redevelopment Land Agency, have succeeded in making modifications is summarized in the following statements.

RELOCATION STAFF

Recommendation 1: Hire local residents to assist relocation staff and in inspecting relocation housing.

Progress: The U.S. Civil Service Commission responded to the Local Agency request and established a new category of civil servants, urban renewal aides, in the Spring 1967. Twelve positions at GS-3 and GS-4 were allocated, and are being filled by neighborhood residents.

Recommendation 2: Make staff available evenings and weekends.

Progress: The office staff was scheduled to work half-days Saturdays for approximately a year.

Recommendation 3: Increase effective use of social services to meet family and employment problems.

¹ Progress: Interpretation of regulations relating to eligible project costs denies Local Agency permission to provide direct services relating to relocation.

Unsuccessful attempts have been made by Local Agency and community groups to get District government agencies to provide new neighborhood services for Northwest One residents. Moreover, there has been a gradual curtailment of services provided by the anti-poverty program. Since 1966, the neighborhood employment service, located in the area, has been shut down. The neighborhood legal service office was merged with one in another part of town; and the housing office which conducted a code enforcement program has been closed. Of the remaining anti-poverty programs, only three provide direct services to residents—one day care center, a credit union, and a family counseling unit, all of which serve an area-wide population of 30,000.

Residents have been demanding new social services during the entire period of family relocation. They have made appeals, presented testimony, appeared at budget hearings, and issued reports to the Board of Commissioners and the City Council, the Urban Renewal Operations Committee, the Community Renewal Program, the Board of Recreation, the Department of Sanitation, the Department of Licenses and Inspections, the Board of Education, the Police Department, the Department of Public Health, and USES-DC. Additionally, an inquiry has been made of the National Capital Housing Authority to discover whether the agency can provide any social services to residents who hold priority rights to return to new public housing in Northwest One. The Agency regulations apparently bar such "advance" social services.¹

Recommendation 4: Simplify and provide more assistance in obtaining documents needed for public housing.

Progress: No significant changes have been provided.

"Illegal tenancy"¹ was another problem relating to documentation which was discovered in the Fall 1967 when the site was being evacuated for the construction of the first moderate income housing. Several families who claimed they had lived in the project area for several years but who were not included among the Agency's list of surveyed families and individuals were reported to be denied relocation benefits. They were termed "illegal tenants" because they were presumed to be living in acquired properties without authorization.

¹ Congressional review recommended.

Additional evidence of incompleteness of original survey information was revealed in late 1967 as prospective lists of tenants were being contacted to apply for housing. Almost a dozen families who were able to present evidence of their prior tenancy were denied first right of refusal because the Agency had no record of them.

ON SITE RELOCATION

Recommendation 1: Absorb percentage of rents, maintenance costs, and guard and police service in projects costs.

Progress: A full review of rentals in Northwest One resulted in immediate reductions in some rents; and reduction in rentals at dwellings with excessive fuel bills due to heat loss (121 of 296 rentals were reported to have been reduced).

The local agency has adopted a new HUD guideline, effective in May 1968, which would reduce rentals to welfare recipients to the level of their shelter allowance and to other renters not to exceed 25 percent of family income.

Recommendation 2: Increase efficiency and size of maintenance staff.

Progress: A concentrated maintenance program, begun in September 1966, and originally termed "maintenance month" stretched over a year. After eight months, all properties had been inspected; it was revealed by the Agency that 195 structures of 220 required major work (heating, plumbing, electrical or roofing). Between November 1966 and May 1967, the Agency reported it had doubled its volume of completed work orders over the previous six months.

Emergency telephone numbers of the property management staff were circulated throughout the community. The maintenance staff was increased from twelve to over thirty, including some area residents.

Recommendation 3: Hire neighborhood residents for patrol duty to reduce breakdowns in service due to vandalism.

Progress: Private guards were hired in February 1968 on a twenty-four hour basis to protect government properties.

Recommendation 4: Prepare a staging plan.

Progress: A staging plan providing a construction timetable was prepared and presented for community consideration in September 1966. One purpose of the plan was to provide tangible evidence to residents that they did not have to move out of the area in advance of construction timetables. In May 1967, the Agency's policy on demolitions was sharply challenged by the community, resulting in a new agreement, with steps outlined to guard against panic moves by residents and to maintain and improve the quality of the life of the community during redevelopment. A second purpose of the staging plan was to help residents identify with and participate in planning for new low and moderate income housing to which they would hold first priority to return.

The staging plan was not adopted as binding but as a plan subject to revisions which would better serve needs of residents. The following modifications in the staging plan have been supported, but not yet achieved, by the community:

(a) A new elementary school building (estimates of classroom shortages run to 1,000 seats).

(b) One of the housing complexes to include an early childhood center (pre-school through first or second grades).

(c) The shopping center to include at least one community-owned business.

(d) Switch a public housing and moderate income housing site to allow a construction speed-up.

(e) Provision of some new and rehabilitated units as sales housing (13 units scheduled to be ready July 1968).

(f) Extension of boundaries of the renewal project to include the approved section of the Center Leg Freeway so as to provide air-rights housing over the freeway and additional housing beside the right of way.

(g) Speed-up the beginning date of a community facilities building.

(h) Creative development of open spaces for recreation use.

(i) A public swimming pool.

Recommendation 4a: Reserve a pool of standard rehabilitated housing to be demolished in the final stage.

Progress:² A pool of standard rehabilitated housing was not provided. Present legislation tends to bar urban renewal agencies from improving housing designated for demolition.

² Congressional review recommended

The community was successful, however, in getting the Department of Highways and Traffic to invest in the 1967 rehabilitation of a thirty-four unit building which was scheduled to be demolished in 1970 to accommodate the Center Leg Freeway. (This area is scheduled to become a part of Northwest One.)

Recommendation 4b: Offer families on-site relocation without jeopardizing their final relocation benefits.

Progress: Approximately 100 families have been relocated on-site since September 1966, without jeopardizing their final benefits. Several have been moved more than once, either because their present homes were beyond repair or because they were in an area scheduled for demolition in advance of construction.

Relocation Benefits

Recommendation 1: Relocation benefits should be increased and each new household created by relocation should receive moving expenses.

Progress: Agency asserts it is "making payments to the full extent authorized by existing legislation and regulations issued by HUD," and that it supports expanded and increased relocation benefits.

Private Housing

Recommendation 1: Inspect all private relocation housing before occupancy.

Progress: Improvement in inspection procedures have been made, but generally are not satisfactory. The License and Inspection Housing Division often does not respond promptly to inspection requests, and delays in inspecting properties sometimes result in rental of units to another prospective renter. The Agency conducts pre-inspection by its own staff to make judgments about condition of properties. (Some landlords do not list with the Agency nor will some rent to relocatees because they do not want their properties inspected.)

Recommendation 2: Verify rents and pay rent supplements to maintain gross rents at a maximum of 25 percent of income.

Progress: The number of on-site locations is believed to have reduced substantially the number of Northwest One families who would pay excessive rents in private housing. No new studies are available which invalidate the Pierce Street figures that 50 percent of families relocated pay more than 25 percent of income in rent; that 40 percent of families relocated pay over 30 percent; and that 20 percent of families relocated pay over 50 percent in private housing.

The sponsor of the first moderate income housing in Northwest One has completed arrangements to use the rent supplement program in almost-one-fourth of his units. Another fourth will be leased to the public housing authority. The significance of this is revealed by the following story: The first former Northwest One residents to return in April 1968, to newly completed public housing in Northwest One had been relocated in 1966 to a moderate income development in Southeast Washington. The family income had decreased and they were unable to sustain themselves in 221(d)(3) housing, without a rent supplement. None was available. The shortage of rent supplement money makes it doubtful that other non-profit sponsors will be able to obtain the national rent supplement monies. The community has strongly supported rent supplement legislation for the District of Columbia.

Recommendation 3: The Relocation Adjustment Payments, though inadequate, were not paid to Pierce Street relocatees by August 1966. (The last family had moved in June 1966.)

Progress: Notices and claim forms were sent to Pierce Street families and all Northwest One residents on August 4, 1966. Few understood the intent or the actual administration of the payments; and the greatest benefactors of the payments appeared to be the landlords. There is a recognition that legislation is needed for the District of Columbia. One formula is as follows: the payment should be in an amount, which when added to 20 percent of the annual income of the displaced family or individual at the time of displacement equals an amount that will not exceed the rental, including utilities, required for a twelve-month period for such a decent, safe and sanitary dwelling of modest standards, adequate in size to accommodate the displaced individual or family in an area not generally less desirable in regard to public utilities and public and commercial facilities.

Recommendation 4: Acquire and rehabilitate large housing units to supplement the supply in both public and private markets.

Progress: Among first families on-sited in Northwest One were those seeking large units. The need for large units continues, although a number of new large units are coming into completion. The Public Housing Authority, has for two years (since August 26, 1966) been able to acquire and rehabilitate large units.

The staging plan has been revised to include seven houses scheduled for demolition but which are now being rehabilitated for sale to large bedroom, low income families (under 221(h)).

Public Housing

Recommendation 1: Assign a staff person from NCHA to the Relocation Office to help process applications.

Progress: A staff person was assigned September 1966.

Recommendation 2: Provide weekly and monthly status reports.

Progress: RLA receives monthly reports. Counselors were instructed to advise applicants about the status of their applications. Eligibility records are reviewed every three months. Many applicants still are unclear about what they should do to qualify for housing.

Recommendation 3a: Explain eligibility documents to all applicants, both in advance of filing and during document-gathering period.

Progress: Many residents still are unclear about the importance of certain documents they are required to obtain, and do not understand the relationship of the documents to their eligibility for housing.

Recommendation 3b: Help families overcome eligibility requirements which bar their acceptance.

Progress: Living arrangements appear to be a continuing major cause of ineligibility for families trying to get into public housing. This includes non-marriages, as well as inclusion in the family unit of persons not related by blood marriage. National Capital Housing Authority will accept common law marriage, but refuses to extend eligibility to families whose heads are barred from a legal relationship (i.e., one partner separated from but legally married to another) although they have been living in a stable relationship for a long period of time.

Also, the interpretation of regulations bars elderly people of opposite sex who are living in a companionship or housekeeping arrangement. It is believed that a substantial number of old people are barred from housing for the elderly because of this ruling.

The inclusion in family units of persons not related by blood or marriage has served to disqualify some families. This may include children and elderly single persons as well as mentally or physically handicapped or incompetent persons.

Recommendation 4a: Average family incomes for at least a twelve-month period.

Progress: No changes in procedures for figuring family income are known to have been made.

One significant change in regulations has been made on recommendation of community groups. In order to close the "income gap" (the disparity between maximum allowable income in public housing and minimum income in 221 (d) (3) moderate income housing), the continuing occupancy maximum for relocatees has been increased in public housing.

Recommendation 4b: Help families raise incomes.

Progress: Helping families receive benefits to which they are entitled (welfare and social security) and supplementing incomes through part-time employment does not solve problem of individuals and families with incomes *too low* to qualify for public housing. Among persons to be relocated from the path of the Center Leg Freeway and from the older section are some whose lack of earnings will bar them from public housing. Northwest One now has a number of families and individuals living in acquired properties who for a variety of reasons are not eligible for nor are able to afford any type of decent housing.

Recommendation 5: NCHA should purchase more new and used houses, outside project areas.

Progress: The agency received authority to acquire and rehabilitate 240 units (August 26, 1966).

Recommendation 6a: Combine small public housing units to create large units.

Progress: NCHA does this where "it is appropriate to do so."

Recommendation 6b: Adjust ceiling costs to permit construction of large apartments.

Progress: According to NCHA, "An adjustment of statutory cost limits on a per room basis would require a change in the U.S. Housing Act. Housing Assistance Administration has been informed of NCHA's difficulty in building within administrative cost limits, especially for larger units. For several years we have urged that such limits be increased."

Recommendation 7: Give families sufficient advance notice of available units.

Progress: Families continue to complain of the short notice of available units, and security deposits and one month's advance rent. There seems to be an assumption that the prospective tenant should have money saved for the security deposit and advance rent. Although Housing Authority procedures allow families five days to notify the manager if they want a location, some are told they must decide during their first visit to a property office.

SHELBY COUNTY COMMISSIONERS,
Memphis, Tenn., May 30, 1967.

Senator HOWARD H. BAKER, Jr.,
Old Senate Office Building, Washington, D.C.

DEAR SENATOR: Thank you for forwarding to me copies of Senate Bills 698, 735 and 799.

The bills have been reviewed by Mr. Jerrold Moore, Director of Planning of the Memphis and Shelby County Planning Commission; Mr. William H. Williams, Shelby County Attorney; and myself. We have reached the following conclusions:

1. That Senate Bills 799 and 735 should be defeated.
2. Senate Bill 698 should be supported if the following modifications are incorporated:

A. Page 13, section 302, lines 2 through 10, be amended to read as follows: "The Secretary of any department or the administrative head of any agency of the Executive Branch of the Federal Government is authorized, upon written request from a State or political subdivision thereof to provide specialized or technical services to the department or agency by the unit of Government making the request".

B. Section 303 should be stricken in its entirety.

C. Section 401 could be interpreted to mean that rules and regulations are to be established which would be concerned with the *content* of local planning and programming efforts. We strenuously object to some "paper-shuffler" in a regional office or in Washington passing on the adequacy or competence of our work. If, on the other hand, this Section may mean a standardization of review criteria among the several grant-in-aid programs, we would favor it.

Section 401 "B" should be changed to establish a mandatory review by a voluntary advisory committee, consisting in part of officials representing National, Regional, State and Local viewpoints, appointed by the President or Directors of Administering Agencies, to establish rules and regulations pertaining to eligibility for grant-in-aid assistance. (As written, section 401 "B" does not make National, State and local review absolutely necessary.)

D. Section 602(b) should read as follows: "Each grant consolidation plan shall provide for only one consolidation of individual grant programs, and shall be subject to review by a voluntary advisory committee as established in Paragraph C of this letter."

E. There was a difference of opinion on Section 803(c)(2). Mr. Moore felt this was a responsibility of county government. Mr. Williams felt this should not be a responsibility of county governments. I felt this responsibility should be shared by the principals contributing to the program causing the displacement.

The need for a firmly developed program of grant-in-aid coordination and more local participation in establishing grantee guidelines is paramount to closer Local and Federal intergovernmental cooperation.

I am grateful to you for forwarding these bills for my comments, and would appreciate your bringing the above to the attention of the Senate Committee on Government Operations. If additional correspondence with other Committee members would be helpful, please let me know.

Sincerely,

CLIFFORD L. TUCK,
Director, Shelby County Department of Coordination.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., September 30, 1967.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On May 11 you asked Secretary Gardner, Secretary Wirtz, Director Shriver and me to establish a Joint Administrative Task Force to speed the processing of state and local applications for components of multipurpose projects.

On behalf of my colleagues, I am pleased to submit this final report of the Task Force.

The goal you set in your memorandum was to reduce by at least 50 per cent the time it now takes to process applications at the Federal level.

The Task Force working with program officials completed a study of 42 programs in four broad areas of primary significance to multipurpose projects. These areas are Model Cities, Neighborhood Centers, Manpower and Water and Sewer. Eight Federal departments and agencies are involved in all or some of these projects.

In the area covered by the study, we have accomplished your objective by reaching decisions and initiating actions which will achieve a solid reduction of 50 per cent in total Federal processing time.

With continued diligence, we expect to improve that percentage.

We have developed measures to kindle a more immediate Federal response to the needs of the states and cities. These include the elimination of duplicative procedures, delegating more decision making authority to the field, and holding more consultations with local and state officials before applications are filed.

The overall processing time also depends heavily upon the actions of state and local governing bodies. However, the streamlining measures adopted by the Federal Government should also produce savings in time at the state and local level, enabling those officials to move ahead with plans and programs at a faster rate.

The time saved will permit low income families to move into housing at an earlier date, neighborhood centers will be established more quickly in communities that need them, and manpower training will be made available sooner—all without further impact on Federal budget commitments.

We regard this as a milestone in your efforts to make the machinery of the Federal Government function more smoothly and efficiently, and improve its services to the cities and states. We believe the report shows dramatic evidence of what can be accomplished through inter-departmental cooperation and a searching review of program administration.

Coupled with the earlier study of multipurpose neighborhood centers by the Bureau of the Budget and the Executive Officers Group, this report represents an important beginning. Ahead are the large tasks of completing implementation, examining additional programs, and developing bold and innovative methods to coordinate Federal activities still more effectively in conducting multipurpose projects.

We assure you that these all-important matters will continue to receive high priority and our close attention.

Respectfully yours,

ROBERT C. WEAVER.

SUMMARY OF JOINT ADMINISTRATIVE TASK FORCE REPORT

SCOPE OF STUDY

The Task Force focused on 42 programs in four multipurpose areas:
 Model Cities (involving eight Departments and agencies).
 Neighborhood Centers (involving two Departments and OEO).
 Manpower (involving three Departments and OEO).
 Water and Sewer (involving four Departments).

RESULTS

Decisions already implemented or in the planning stage of implementation will achieve the following estimated reductions in Federal processing time in each multipurpose area :

	<i>Percent</i>
Model cities -----	50
Neighborhood centers -----	50
Manpower -----	47
Water and sewer -----	57

Within these general percentages, time savings for individual compounds will vary markedly because of :

current differences in processing time

other factors such as legal constraints, complex engineering requirements for construction projects, and the extent of state involvement in the grant process.

All the necessary decisions have been made to implement the process of reduction in time, and in most programs implementing action has been initiated.

These improvements will enable the Federal Government to respond more quickly to the problems of the communities. At the same time they permit state and local officials to move ahead more rapidly with such programs as housing for low income families, the establishment of neighborhood centers and manpower training facilities.

State and local processing of applications for Federal assistance should be made easier through many of these improved Federal procedures, thus saving local officials time not reflected in the tables of this report.

SCOPE OF STUDY

The Task Force focused on 42 programs in our multipurpose areas :

Model Cities (involving eight departments and agencies).

Neighborhood Centers (involving two departments and OEO).

Manpower (involving three departments and OEO).

Water and Sewer (involving four departments).

RESULTS

Agency officials have made all decisions necessary to implement recommendations, and in most programs implementing actions have been initiated. When all implementing actions have been completed they will achieve the following estimated reductions in Federal processing time in each multipurpose area :

	<i>Percent</i>
Model cities -----	50
Neighborhood centers -----	50
Manpower -----	47
Water and sewer -----	57

Within these general percentages, time savings for individual components will vary markedly because of :

current differences in processing time

other factors such as legal constraints, complex engineering requirements for construction projects, and the extent of state involvement in the grant process.

Projected time savings listed above will enable the Federal Government to respond more quickly to the problems of the communities. At the same time they permit state and local officials to move ahead more rapidly with such programs as housing for low income families, the establishment of neighborhood centers and manpower training facilities.

State and local processing of applications for Federal assistance should be made easier through many of these improved Federal procedures, thus saving local officials time not reflected in the tables of this report.

* * * * *

The job ahead requires further action by state and local officials to improve their handling of applications. During the study, several opportunities for im-

provement were identified and discussed with representatives of state and local groups. The Federal departments and agencies stand ready to assist in this effort.

Subsequent sections of the report contain analyses of the four multipurpose areas included in the study. Detailed working papers on each program also are available.

ATTACHMENTS

Attachment A gives selective examples showing the reduction in processing time.

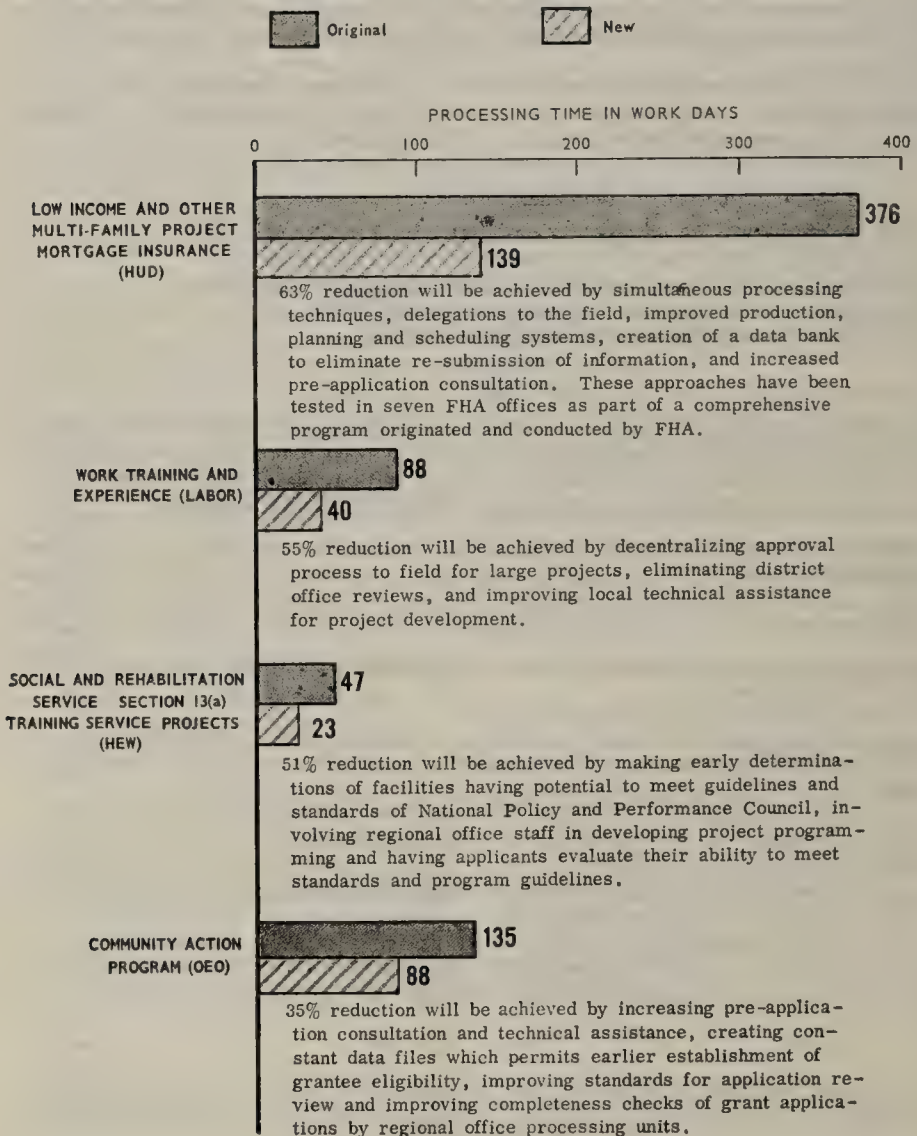
Attachment B lists Task Force staff members.

Attachment C itemizes the work covered by the Task Force in submitting its report in two major phases, including a progress report to the President on June 30.

4

ATTACHMENT A

PROJECTED PROCESSING TIME REDUCTIONS IN SELECTED PROGRAMS



ATTACHMENT B—PRESIDENT'S JOINT ADMINISTRATIVE TASK FORCE MEMBERS

Dwight A. Ink, Chairman, Assistant Secretary for Administration, Department of Housing and Urban Development.

Leo R. Werts, Assistant Secretary for Administration, Department of Labor.

Donald F. Simpson, Assistant Secretary for Administration, Department of Health, Education, and Welfare.

Robert C. Cassidy, Assistant Director for Management, Office of Economic Opportunity.

STAFF

Guy W. Chamberlin, Jr., Staff Director, Director, Office of Management and Organization, Department of Housing and Urban Development.

Joseph O. Smirardo, Deputy Staff Director, Office of Management and Organization, Department of Housing and Urban Development.

MODEL CITIES TEAM

Howard E. Ball, HUD, Chairman.

Earl Canfield, HEW.

Joseph Daschbach, HUD.

Harold G. Fait, OEO.

John W. Forrest, HEW.

Roger K. Gibson, OEO.

Bernard Gross, Commerce.

Stephen J. Havens, HUD.

Logan B. Hendricks, SBA.

Michael T. Kastenek, HUD.

Mrs. Joyce Kelly, OEO.

Arthur Lieb, Labor.

Ernest M. Norsworthy, Jr., HUD.

Murray N. Price, OEO.

Lawrence Stevens, Interior.

Grant Tolley, Agriculture.

MANPOWER TEAM

F. Randall Jones, HUD.

Charles McGinnis, Labor.

John Moller, OEO.

Thomas O'Brien, HEW.

WATER AND SEWER TEAM

Leo A. Morris, HUD, Chairman.

Mrs. Marian Close, Commerce.

Joseph S. Crane, HUD.

Thomas L. P. Ferry, Interior.

Gene Hoffman, Agriculture.

Dennis E. Walton, HUD.

Dale L. Jones, HUD.

NEIGHBORHOOD CENTERS TEAM

John Kane, HUD, Chairman.

William W. Baird, HUD.

James Brawley, HEW.

Arthur Lieb, Labor.

Murray Price, OEO.

MANPOWER TEAM

Edward Salner, Labor, Chairman.

Richard Baldauf, Commerce.

William DeHarde, Labor.

ATTACHMENT C—MAJOR STEPS IN TASK FORCE STUDY

Action taken during Phase I of the report included :

Interviewing local, state, and Federal Regional Office personnel through visits to major cities.

Interviewing Federal Central Office personnel.

Collecting actual recorded data on current processing steps and times required to accomplish them.

Constructing process flow charts.

Developing recommendations to streamline Federal processing and estimating their potential impact on current processing times.

Study Phase II ends with this final report to the President. Major steps included:

Extending contacts with local, state, and Federal personnel including a special presentation to representatives of:

- Council of State Governments.
- International City Managers Association.
- National Association of Counties.
- National League of Cities.
- U.S. Conference of Mayors.

Working closely with program personnel to:

- Refine and test recommendations for validity and feasibility.
- Seek additional opportunities for processing improvements.
- Implement approved recommendations to the extent possible.
- Develop action plans completing implementation.

MODEL CITIES

BACKGROUND AND SUMMARY

The Model Cities demonstration represents the boldest and most innovative approach ever taken by the Federal Government to respond to the crisis of the cities. It draws upon a broad range of Federal programs which provide the maximum impact on a problem area of a city. Delays in individual programs could pyramid to an intolerable level unless methods are adopted to streamline and simplify the processing function. Therefore, elimination of time lags has particular significance for this ambitious program.

This problem has been placed under the microscope of a Model Cities System Improvement Team consisting of representatives from eight agencies:

- Department of Health, Education, and Welfare.
- Department of Housing and Urban Development.
- Department of Labor.
- Office of Economic Opportunity.
- Department of Agriculture.
- Department of Commerce.
- Department of Interior.
- Small Business Administration.

During Study Phase I ending June 30, the Team analyzed 22 Federal grant-in-aid programs relevant to Model Cities. It determined processing times, and made recommendations to cut delivery times in Federal review and approval procedures.

In the second phase the Team worked closely with program personnel in testing, refining, and implementing proposed recommendations, and in identifying additional improvement opportunities.

RESULTS

Table I (at the end of this section) shows processing time reductions to be achieved by implementing approved recommendations. The original average Federal processing time for programs examined was 155 days. This will be cut in half and reduced by an estimated 77 days, or an average reduction of 50 per cent.

Most time savings stem from four basic recommendations to:

- Delegate more authority for final decisions or milestone actions to field officers.

- Increase significantly the amount and nature of pre-application consultation and technical assistance.

- Adopt concurrent processing techniques wherever possible.

- Reduce to a minimum technical reviews performed at the national level.

In addition to these basic recommendations, more time can be saved by installing:

- Standard processing times coupled with workable processing control and scheduling systems.

- Simplified amendatory and revision procedures.

THE JOB AHEAD

Three major tasks lie ahead:

Completing implementation of decisions.

Reducing processing time in many programs not covered in the study but which are potential components of Model Cities packages.

Evaluating actual and projected results.

In addition, special studies should be conducted to consider:

A "one-shot" city eligibility profile or consolidated data book. Under present systems applicants are required to submit over and over again information that is not likely to change for years.

Consolidated applications.

Training programs to foster improved inter-governmental coordination in carrying out Model Cities activities.

TABLE I.—SUMMARY OF PROCESSING TIME REDUCTIONS, MODEL CITIES

Program	Original processing times (workdays)	New processing times (workdays)	Time savings	
			Workdays	Percent
Agriculture: Food stamps.....	15	15	0	0
Commerce: Economic development.....	149	90	59	40
OEO: Community Action program.....	135	88	47	35
Interior: Land and water conservation.....	71	30	41	58
Labor: Work training and experience (Neighborhood Youth Corps, New Careers program, Operation Mainstream, and Special Impact program).....	88	40	48	55
SBA: Displaced business loans.....	56	30	26	46
HUD:				
Community renewal.....	126	70	56	44
Open space land.....	364	121	243	67
Urban parks and urban beautification.....	196	126	70	36
Demolition of unsafe structures.....	59	45	14	24
Code enforcement.....	124	91	33	27
Urban renewal.....	495	295	200	40
Low-rent public housing.....	163	78	85	52
115-312 Rehabilitation loans and grants.....	35	20	15	43
221(d)(3) housing.....	376	139	237	63
Rent supplements.....	398	179	219	55
HEW:				
Hill-Burton.....	11	5	6	55
Vocational rehabilitation expansion.....	38	19	19	50
Equal educational opportunity.....	247	70	177	72
Migrant health.....	150	75	75	50
Air pollution grants.....	85	40	45	53
Community health service.....	83	42	41	50
Total.....	3,464	1,708	1,756	50

NEIGHBORHOOD CENTERS

BACKGROUND AND SCOPE

In an address at Syracuse on August 19, 1966, the President called for a multipurpose neighborhood center in every ghetto in America. In response to this call, a Neighborhood Centers Pilot Program was initiated which will place in each of 14 selected cities a multipurpose center developed under component programs in HEW, HUD, Labor, and OEO.

To improve administrative procedures in both the Pilot Program and its components, an Interagency Study Group was established in March 1967 under the joint sponsorship of the Bureau of the Budget and the Executive Officers Group. Based on a five week study, this group identified several important areas for improving program processing. It also recommended major changes in organizational arrangements for managing the Pilot Program. In the Pilot Program and in component programs, many Interagency Study Group recommendations were installed or initiated. Additional improvements were introduced to help speed up processing and insure a smooth operation.

RESULTS

Pilot program

The Washington Interagency Review Committee (WIRC) is the policy group in charge of the Pilot Program. The management improvements it installed includes:

1. A "project management" type organization both in Washington and in the field. In Washington, a separate organizational unit, under the direction of the Chairman of the WIRC, is responsible for centralized operation of the program. In the field, each pilot city is handled by a Federal Regional Team consisting of one member each from HEW, HUD, Labor, and OEO. The team is chaired by the HUD member, who functions as field project manager. This type of organization structure was a principal recommendation of the Interagency Study Group. It has proven a major factor in promoting interagency cooperation and instilling a real "sense of urgency" in program operations.

2. Group conferences and face-to-face discussion among participants in the program, in lieu of lengthy review procedures, both in field and Washington operations.

3. An initial program submission, which served as the major document for specific Federal program applications to the participating agencies.

4. Simplified application forms and procedures, which will serve as the final submission for some program components. Developed by the Manpower Team working with the WIRC, this common application reduces to a minimum the information required for approval and funding 28 component programs.

Component programs

Decisions made in 11 component programs in HEW, HUD, and OEO will reduce processing time by an average of 50 per cent (Table II). Actions to achieve this reduction include:

Delegating additional authority to the field.

Eliminating technical reviews in Washington.

Reducing the number of mandatory reviews in the field.

Increasing pre-application consultation and technical assistance.

Installing a priority system of rating applications.

THE JOB AHEAD

The Pilot Program will focus primarily on ways to capitalize on experience gained and lessons learned. Especially important is the potential application to the ongoing Neighborhood Centers Program and to Model Cities of:

Project management techniques.

Group conferences.

Common application forms and procedures.

For component programs, the job ahead centers on completing implementation and evaluating results.

TABLE II.—SUMMARY OF PROCESSING TIME REDUCTIONS, NEIGHBORHOOD CENTERS

Program	Original processing times (workdays)	New processing times (workdays)	Time savings	
			Workdays	Percent
HUD: Neighborhood facilities.....	212	93	119	56
HEW:				
Comprehensive health projects 314(e) PHS.....	230	104	126	55
National Institutes of Mental Health (PHS).....	200	100	100	50
Demonstration projects, sec. 1115.....	56	26	30	54
Maternal and infant care.....	83	42	41	50
Sec. 13(a) training service.....	47	23	24	51
Sec. 12 construction grants.....	48	24	24	50
Vocational rehabilitation and demonstrations.....	120	60	60	50
Comprehensive health service youth.....	27	14	13	50
Child welfare research demonstration.....	83	42	41	50
OEO: Community action program.....	135	88	47	35
Total.....	1,241	616	625	50

MANPOWER

BACKGROUND AND SCOPE

On May 26 the Joint Administrative Task Force established a Systems Improvement Team to study Federal Manpower programs. The Team was chaired by the Department of Labor, and included representatives of HEW, HUD, OEO, and Commerce. It initially selected a list of some thirty manpower programs covered by the Cooperative Area Manpower Planning System (CAMPS). Six were analyzed in detail. The remaining 24 were already being reviewed by the Model Cities or Neighborhood Centers Teams or involved no Federal application procedure or processing time.

RESULTS

When implemented, decisions made will reduce Federal processing time by an average of 47 per cent in five of the programs analyzed (Table III). The sixth program, Work Experience and Training for Welfare Clients, is shifting significantly because of statutory changes, and while the Team made tentative recommendations, new processing procedures for this program have not yet been established.

Decisions made for program improvement include :

Using the CAMPS Area Plan as a basic reference document in preparing and reviewing manpower program applications.

Increasing concurrent reviews at Regional level.

Delegating additional approval authority to Regional Offices.

Increasing assistance and guidance to applicants in the preparation of program plans and applications by Federal field personnel.

Involving agency representatives earlier in programs operated jointly by two or more agencies.

Installing internal administrative improvements such as :

Rescheduling during peak application periods.

Using the telephone, including conference calls, instead of time-consuming written communication.

Eliminating "back and forth" sequences in processing.

Expediting formal approval and notification for acceptable applications.

In addition to processing decisions, the Team recommended a coordinated approach to manpower programs. This proposal would expand the CAMPS system from a planning to an operational system, use the CAMPS Area Plan as a unified basis for Federal project development, and introduce simplified and uniform application forms and procedures.

THE JOB AHEAD

Next steps in the Manpower area involve :

Completing implementation of processing decisions and monitoring results.

Evaluating the proposal for a coordinated approach to manpower programs.

TABLE III.—SUMMARY OF PROCESSING TIME REDUCTIONS, MANPOWER^{1 2}

Program	Original processing times (workdays)	New processing times (workdays)	Time savings	
			Workdays	Percent
HEW:				
Vocational rehabilitation workshop project development.....	63	28	35	56
Vocational rehabilitation workshop improvement.....	42	20	22	52
Vocational rehabilitation innovation.....	46	23	23	50
OEO:				
Migrant and seasonal farmworkers.....	92	55	37	40
Labor-Commerce-HEW: MDTA 241—EDA training institutional and on the job.....	64	38	26	41
Total.....	307	164	143	47

¹ Other manpower programs shown in model cities table.

² Status of manpower programs not included:

MDTA—Labor (with HEW): No significant Federal processing time.

Work experience-welfare clients—Labor-HEW: Legislative change—new processing being developed.

Testing, counseling, guidance, job placement, and development—Labor: Financed by annual appropriations through the Department of Labor.

National apprenticeship program—Labor: No application procedures required.

WATER AND SEWER

BACKGROUND AND SCOPE

Four Federal agencies make water and sewer grants and loans under the following jurisdictions:

Department of Housing and Urban Development (HUD) communities of all sizes in urban or urbanizing areas (except waste treatment).

Farmers Home Administration (FHA) of Department of Agriculture—Rurally oriented communities of under 5,500 people.

Economic Development Administration (EDA)—Department of Commerce—Specified economic development areas regardless of community size, where the project will have long-range economic impact.

Federal Water Pollution Control Administration (FWPCA), Department of Interior—First consideration of all waste treatment projects, although FHA and EDA may also fund such projects.

Several new laws in 1965 expanded the program to such an extent that an Interagency Coordinating Committee was set up to coordinate the efforts of these four agencies. In addition to processing improvements generated through this Committee, each agency has been active for a number of months in improving its individual program through such techniques as extensive on-site analysis of regional processing and visits to applicants.

RESULTS

Efforts by the four agencies working individually and in concert through the Interagency Coordinating Committee generated decisions which will reduce processing time by 57 per cent over the initial base period (Table IV). Significant actions to achieve this reduction include:

Developing a simple referral form for applicant inquiries. This permits filing an inquiry with any of the four agencies, with jurisdiction determined by the Government.

Combining this referral form with the basic application to eliminate or reduce repetitious information and requests for more data during the preliminary review and rating process. The new form also applies to several other programs of the four agencies.

Clarifying and expediting jurisdiction determinations between HUD and FHA; between HUD and EDA to cut down unnecessary referrals; and between FWPCA and the other three agencies to expedite processing of referrals for waste treatment plants.

Unifying auditing, bidding and similar practices between the four agencies, before exploring the feasibility of developing standard forms for the supplementary technical data required for full project reviews.

Revising internal processing procedures by:

Installing an attrition system to keep backlogs at workable levels and expediting information to inquirers on project disposition.

Eliminating technical review in Washington.

Streamlining press release procedures.

Combining fund reservation and project approval processes.

Developing a standard engineering contract form.

Providing design criteria and other guide documents to engineers.

Developing guidelines for field staff use in uniform assembly of loan and grant dockets.

Revising and simplifying processing instructions.

Releasing a standard construction contract.

Improving instructions to applicants for preparing project submissions.

Conducting training meetings for state office personnel.

THE JOB AHEAD

Most recommendations in the water and sewer area have been implemented. Hence, the job ahead will focus on:

- Comparing actual and projected results.
- Studying the execution phase of each department's program.
- Improving the coordination activities of the Interagency Coordinating Committee.

TABLE IV.—SUMMARY OF PROCESSING TIME REDUCTIONS, WATER AND SEWER

Program	Original processing times (workdays)	New processing times (workdays)	Time savings	
			Workdays	Percent
Commerce: Specified economic development areas.....	245	115	130	53
Agriculture: Rurally oriented communities.....	245	118	127	52
Interior: Waste treatment projects.....	25	25	0	0
HUD: Communities in urban or urbanizing areas.....	232	66	166	72
Total.....	747	324	423	57

STATEMENT OF U.S. REPRESENTATIVE WILLIAM F. RYAN, FROM THE 20TH CONGRESSIONAL DISTRICT OF NEW YORK

Mr. Chairman, I am pleased to state my views before the Subcommittee on Intergovernmental Relations on S. 698.

This legislation is sorely needed, and I applaud your work in this long neglected area. I am specifically interested in title VIII, which establishes a uniform relocation policy. I have been concerned with inequities in the area of relocation for some years. As you well know, although some Federal programs do require relocation assistance, most either do not, or leave assistance to the discretion of the grantee or to the administrator.

I know that in New York City families displaced as a result of urban renewal acquisition are eligible for relocation assistance, but those dislocated as a result of direct Federal construction or institutional expansion by universities or hospitals facilitated through Federal grants or loans often receive no such benefits.

In past years, I have introduced legislation increasing urban renewal benefits, and other legislation requiring benefits to be paid by recipients of other specific grant-in-aid or loan programs. This year, I introduced H.R. 16953, the Relocation Assistance Act. It extends such requirements to all Federal grant-in-aid, direct loan, or acquisition construction.

As I understand the Chairman's bill, S. 698, my bill differs mainly in that my bill H.R. 16953 would establish a central relocation agency, to be located in the Department of Housing and Urban Development, whereas S. 698 requires each agency to take appropriate action.

My bill provides that no Federal agency shall approve an application for loan or grant assistance, nor undertake direct construction without first identifying persons to be relocated, informing them of their rights, and providing the Director of Relocation Assistance with information sufficient to permit the computation of relocation benefits.

H.R. 16953 charges the Director of Relocation Assistance to make payments of benefits, and to keep a current file on all federally assisted programs covered by the act and the need for relocation assistance. It also requires that he take action to insure that individuals and businessmen displaced as a result of federally aided programs be fully informed of their rights and given assistance in relocation. He is further required to coordinate his activities with other Federal agencies. Payments would be made through annual appropriations.

I am certainly in accord with the intent of S. 698, and I commend the Chairman. I would hope that the distinguished subcommittee would give due consideration to the approach which establishes a central Relocation Assistance Bureau rather than leaving this function in each administering agency.

There is a clear need for general coordination of relocation measures, including keeping statistics, providing information, and ensuring that agencies are complying with the policy.

I include a copy of my bill, H.R. 16953.

I am hopeful that uniform relocation legislation will meet with prompt and favorable action.

THE NEW ENGLAND COUNCIL,
Boston, Mass., June 20, 1968.

HON. EDMUND S. MUSKIE,
*Chairman, Subcommittee on Intergovernmental Relations,
 Committee on Government Operations, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This statement is submitted on behalf of the New England Council to support S. 698, the proposed Intergovernmental Cooperation Act of 1968.

The New England Council was established in 1925 at the request of the six New England Governors. It is a broadly representative group, interested in the sound economic development of the region. As a consequence, it is particularly interested in proposed legislation which may strengthen and improve the economy of the New England region. Through its interstate relations program, the Council maintains close liaison with some 25 regional conference groups of New England state officials.

It has been three years since the Senate passed legislation similar in objective to S. 698. Unfortunately, this legislation was not enacted into law. Nevertheless, as a result of the attention focused on the subject of intergovernmental relations at that time, much useful work and further development of the subject has occurred. There is unquestionably an increased awareness of the need to identify ways to improve and strengthen Federal-State relations. We think that this point has been made with great force in the testimony presented on the pending legislation. By way of further emphasizing the need for the proposed bill, however, we would make the following background points.

We are presently in an era of fiscal federalism. The Federal government is responsible for administering at present over 220 grant-in-aid programs involving over 400 separate appropriation accounts. By comparison, in 1930 Federal grants amounted to approximately \$0.1 billion to support ten programs with Federal aid for highways accounting for approximately 68 percent of the grants. Under existing programs which provide for a total Federal commitment of over \$18 billion, the Federal government has imposed a variety of diverse requirements on State and local governments, including different matching requirements; different procedures to process grant applications; overlapping plans to qualify for Federal aid involving, among other things, the development of 80 State comprehensive plans, 701 comprehensive plans, community development district plans and overall economic development plans; administration of project grants by different kinds of Federal authorities and officials at different levels of the Federal government; varying percentages of Federal support for different programs administered by the same agency and varying percentages of Federal support for similar programs administered by different agencies; the need to relate to a number of special units of government and non-government corporations and other units especially created to deal with categorical grant programs; a multiplicity of advisory councils whose membership is not consistent, whose function in many respects is duplicatory and whose authority varies widely, and competing services such as the agricultural extension service and the urban extension service whose respective jurisdiction is not clear.

Out of this maze or thicket, as it has been characterized by the President, have emerged two significant things: the expert in-grantmanship and an unevenness of grant programs which is less widely known and understood. For example, one State in New England actually received less than its "share" of grants because of the inability to marshal the skills and effort to concentrate on grant proposals. Also, one eastern State has received 70 percent of the funds under the poverty program with only 30 percent of the population. At the same time, a study of the school lunch programs has revealed that the children who benefit are not necessarily those most in need in every instance. A consolidation and simplification of Federal grant programs, such as envisioned by the pending bill, should significantly improve the present situation.

Congress itself provided a precedent for the consolidation of grant-in-aid programs with the enactment of the Comprehensive Health Planning and Public Health Service Amendments of 1966 which make possible a "block grant" approach in certain health programs. A series of bills have been introduced in this Congress aiming at the same objective: the Federal Grant-In-Aid Review Act of 1967 by Senator Scott; the Temporary National Commission in Intergovernmental Fiscal Needs and Resources proposed by Senator Kennedy in 1967; the Joint Funding Simplification Act of 1968 by Senator McClellan, as well as title VI of the proposed Intergovernmental Cooperation Act.

The Congress has already taken some decisive and significant action by enacting the Safe Streets and Crime Control Act providing for distribution of funds on a pro rata basis to the States. Further, the debate last session on the Mundt Amendment to the Intergovernmental Personnel Act (S. 699) revealed that there is more than just a passing interest in how to grant more fiscal independence to State and local governments. It is hoped that action will be taken soon on additional measures.

The problem grows as a demand for increased public expenditures at all levels of government continues to increase. Even though State and local revenues have increased rapidly (at the rate of 9 percent a year), expenditures have increased at an even higher rate (10 percent annually). Federal grants and borrowing have helped make up the difference. This trend has focused more and more attention on the need to find better ways to channel available public funds to meet specific needs more adequately. For example, the Regional Planning Association of New York recently recommended that the Federal government pay all costs of welfare, anti-poverty, public health and special educational programs which in its view were putting an undue drain on local resources. It pointed out that if these costs, amounting to approximately \$5 billion, were shifted entirely to the Federal government, cities and States would be better able to provide other needed services. It also recommended in its study of projects and services provided in the New York metropolitan region (including Connecticut and New Jersey) that public funds spent on programs to alleviate poverty should be doubled from the estimated 1967 level of \$11.5 billion. In short, the pressures continue to mount for more programs and more investment.

At the same time, it should be noted that there have been major efforts to inform appropriate public officials about existing programs in order to maximize their effective use. In order to inform key State and local officials about the operation of the multiplicity of Federal programs, the Office of the Vice President, and the Office of Emergency Planning have over the past couple of years undertaken to organize comprehensive briefing sessions for Governors, mayors, city managers and others. This concentrated approach has proved to be of great value. However successful communication has its real limitations. As more and more has been learned about the opportunities available under the variety of Federal programs presently in effect, responsible government officials at all levels have increasingly come to understand the inevitable difficulty of dealing with so many diverse and duplicatory programs.

Further it has become more and more apparent that the emphasis under various Federal programs on specific program planning (as opposed to comprehensive planning) often distorts priorities by causing State and local officials to shape plans around the availability of funding. The loss of momentum between the time a grant application is submitted and a project is funded and the uncertainty about the availability of funding are also serious deterrents to a consistent development of public programs. New techniques must be found which provide some assurance to State and local officials that the implementation of programs can proceed in an orderly way.

It is true that the improved communication at all levels of government about common plans has already had many desirable consequences in dealing with some of these problems. Federal officials now deeply involved with PPBS, candidly speak about the great deficiencies in the Federal delivery system and that the Federal government is one of the worst distributors of services. Hopefully, as the cost-effectiveness analysis technique is applied to more areas of Federal government spending, this should ultimately lead to discontinuing less efficient grant-in-aid programs. In turn, the use of the same techniques and improvements can be hoped for at the State and local level. These developments may go far to accomplish some of the objectives which are embodied in the pending bill.

In addition, much other Federal activity at the administrative level is presently being directed toward making the Federal government more efficient in the delivery of services and cash. The Joint Administrative Task Force of September 1967 interagency report to the President, entitled "Reducing Federal Grant-in-Aid Processing Time" has been put into effect. An interagency committee with representatives of the Department of Housing and Urban Development, the Economic Development Administration, the Farmer's Home Administration and the Federal Water Pollution Control Administration has been formed to handle the administration of the various water and sewer grant-in-aid programs. The Department of Housing and Urban Development has established a priority system for various grants-in-aid; an interagency committee is studying

the impact of federally supported assistance programs on the State administrative structure and ways of coordinating funding, coverage, and administration of aid programs; a Center for Community Planning has been established in the Department of Health, Education, and Welfare and the Bureau of the Budget series of Executive Orders A-80-85 provide for review procedures by State and local government before agency regulations are published in final form. An official of HUD reported to a group of municipal officials recently that the department has reduced the processing time of 17 grants-in-aid by 50 percent. Just recently, the New England Planning Administrators Conference learned from the regional HUD staff that an experimental approach to block grants has been developed with the State of Colorado 701 funding. This effort to give the State planning staff some direction and flexibility in their dealings with local planning officials is significant.

The bill would also help deal with the crisis in governmental organizations created by the city problem. The Advisory Commission on Intergovernmental Relations has issued a thoughtful and powerful warning that the crisis in American cities is creating a crisis in the American governmental structure. As cities in turmoil turn to the Federal government for aid, the Commission fears that under the strain of emergency conditions both cities and States will increasingly allow the Federal government to assume many responsibilities that local governments traditionally have carried, and if properly assisted, could continue to carry. Before the balance in the present Federal structure is upset, it is essential that steps be taken to ensure that all levels of government will be strong partners in providing public services.

The States have an important role in supporting local programs designed to meeting pressing needs. Yet there has been considerable pressure to bypass the States in meeting local needs. We understand that the Advisory Commission on Intergovernmental Relations will soon undertake a study of State aid programs. Such a study should serve a very useful purpose in clarifying the important role that State governments must play in supporting effective local programs.

In money terms, States have already dramatically increased the level of support. A recent study by the Tax Foundation shows that State aid programs in support of education, highways, welfare, general government, housing and a host of other functions has tripled from \$6.5 billion to \$16.8 billion at present, an amount almost equivalent to the total Federal aid available to State and local governments. In New England, each of the States has substantially increased its support of local government functions during the same period. Connecticut leads the way with a 248% increase, followed by New Hampshire, Rhode Island, Maine, Massachusetts and Vermont. Connecticut's commitment makes it the fifth highest on a national basis.

The National Governors Conference, in its study of Federal-State relations, has urged that: all further Federal-local assistance programs be drafted so as to include the participation of State governments; existing Federal grant-in-aid programs which bypass State governments, be amended to provide for State participation; and the Federal government shall allow those States which have the interest and develop the capacity, to coordinate federally aided programs at the State level within broad and basic national goals.

This extensive background comment is simply to make the point that action by Congress on the pending bill is highly desirable this year if we are to make further progress in dealing with some of the difficult problems outlined above.

In this connection, we would like to submit these specific comments on the titles of principal interest to the Council (titles II, IV, V, VI, and X):

Title II would provide needed assistance to government officials, particularly relating to the use of grant-in-aid funds and the timely transfer of funds to the States. Also important is the provision eliminating the "single state agency" concept to permit greater flexibility in the States' development of counterpart programs. However, the language of section 201 which places the responsibility of obtaining financial data upon the Governor and the Legislature should be revised to require mandatory reports to be submitted to the Governor and the Legislature by all Federal agencies administering grants-in-aid in the State. Further, these reports should cover all governmental and non-governmental jurisdictions. Such a report is now submitted on a quarterly basis by the Department of Housing and Urban Development to the Governors. This provision would go a long way toward clearing up the information gap which currently exists.

The provisions of title III providing for the reimbursement by State and local governments of technical services appear to contain adequate safeguards for the private consultant.

We would agree with the objectives of title IV and the intention expressed in sections 401 (b) and (c), to take into account all viewpoints at all levels of government and that all Federal aid for urban development be consistent with and further the objectives of State and local government comprehensive planning. These provisions appear to be the key to minimizing problems which result from bypassing of State government. However, the consultative mechanism required of Federal departments and agencies in section 401(d) should involve appropriate participation of State and local officials. Perhaps the process visualized in the Comprehensive Development Planning, Programming, and Coordination Act of 1967 offers a solution.

We also believe that it is important as provided by section 402, to require that Federal departments and agencies shall favor units of general local government. Unfortunately, this is not the case in the "Joint Funding Simplification Act of 1969". Grant-in-aid programs should, if anything, encourage the reduction in the number of units of local government. At the same time, efforts should be made to recognize interstate compact agencies, intrastate and regional agencies developed by units of general government.

Titles V and VI provide significant authority to review, evaluate and consolidate Federal grant-in-aid programs. The Congress in discharging its responsibilities should benefit from the experience of the Comptroller General and the recommendations of the Advisory Commission on Intergovernmental Relations. We believe further thought should be given to how the Congress can staff itself to effectively do this work. One suggestion which merits attention is to authorize each committee of Congress to retain a professional staff person to serve as a review specialist. It is to be hoped, however, that whatever approach is adopted, Congress will take a broad comprehensive view of programs and priorities.

The authorization in title VI of the procedure allowing the President to use the same powers granted by the Reorganization Act of 1949 represents an advance toward the improvement of intergovernmental relations that can be best measured by enactment. This significant power not only places upon the Chief Executive the burden of putting into effect administrative improvement which inevitably would flow to him from his staff, but also places Congress on notice that it, too, must exercise its legislative powers effectively. The President has already demonstrated the workability of this method by the transfer of urban mass transportation grant programs from the Department of Housing and Urban Development to the Department of Transportation. We assume that this authority will be carefully directed to matters of internal organization of existing executive branch functions.

We believe that the new title X represents an important step forward by allowing Federal agencies, at long last, to accept the accounting and auditing methods of State and local governments. This provision should not only simplify auditing procedures, but there is merit in granting recognition to the competency of State and local accounting and auditing procedures.

In conclusion, we believe the pending bill should be enacted. It should be noted that the Interstate Relations Committee of The New England Council has established a special subcommittee to undertake an intensive study of Federal-State-local fiscal relations. This study will provide a means to acquaint The Council's membership with various aspects of this important problem and will be a means to provide a continuing review of many of the matters which are the subject of the pending legislation.

Very truly yours,

A. THOMAS EASLEY,
Executive Vice President.

STATEMENT OF THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS ON S. 698,
INTERGOVERNMENTAL COOPERATION ACT OF 1967

(Submitted by Bill B. Cobb, budget director, Texas, and president of the National Association of State Budget Officers)

The National Association of State Budget Officers is an affiliate of the Council of State Governments comprised ex officio of the state budget officers of all fifty States and the commissioners of finance and administration in those States where this official is superior to the budget officer. The Association is much interested in many of the provisions contained in the Intergovernmental Cooperation Act of 1967, and I am pleased to testify in support of the principles of that act.

While all provisions of the proposed act would be beneficial to intergovernmental relations, I shall address myself to those provisions of most concern to budget officials.

The first is section 201, which requires federal agencies, upon request, to notify the Governor or a state official of federal grants to the State. This section is desirable because it attempts to solve a problem of great concern to Governors and legislators. Decisions on grants are often made between the federal agency and its state counterpart without clearance with the central decision-making bodies of the State. Without this information at an early stage, the chief executive and legislators cannot adequately plan state programs and financial support. The need for information on grants has been recognized in all States, and at least forty-six of them have established offices or positions of federal-state coordinator, most of them located directly in the Governor's Office. A formal federal requirement for the federal agency to cooperate with the States in providing the central administrative units with information on federal grants will strengthen state ability to develop sound program and financial plans.

Section 202 will assist States in good treasury management by allowing, in cases where this is not already done, the commingling of all funds for short-term investment purposes.

Section 203, requiring a minimum time lapse between transfer of funds from the U.S. Treasury and disbursement by the State, represents sound treasury management on the part of the U.S. Government. This section does not recognize, however, a problem that the States have with reimbursable grants, such as those for highway programs. Most States receive more money in reimbursable programs than they do in programs funded in advance. It should be possible to include a provision for immediate reimbursement based on normal state expenditure patterns subject, of course, to federal audit, to assure that States do not have to lay out money and wait a considerable length of time before reimbursement.

Section 204 provides for waiver of the single state agency requirement if the State presents evidence that such provision "prevents the establishment of the most effective and efficient organization arrangements within the State government * * *". This provision will make it easier for States to reorganize functions for improved management. For example, the New Mexico Department of Finance and Administration administers federal grants flowing through to public schools and the Illinois central personnel agency engages in personnel administration activities for health agencies. These arrangements were established by the two States to bring about administrative improvements, yet they may run counter to the federal single agency requirement.

The section could be made stronger from the state point of view if the burden were placed on the federal agency to find something improper about the state administrative arrangement rather than require the State to defend any deviation from the single agency requirement. Effective administration may be accomplished under many organizational forms, and the arrangements set up by the States should ordinarily not be challenged by federal agencies.

Title III, allowing federal agencies to provide special or technical services to state and local government on a reimbursable basis, should make easier the utilization of the expertise developed in the federal agencies in many programs in which States need help. We endorse this attempt to make more flexible the working out of personnel interchanges among units of government.

The vast expansion of federal grant programs, and their splintering into many categories—480 at a recent count—makes review and coordination devices particularly necessary. Titles V and VI are addressed to this.

Title V, requiring Congressional review of federal grants-in-aid, will formalize a procedure that Congress in the normal course of events might undertake anyway, namely, to review all programs periodically, measure them against their intent, determine to what degree they are meeting their intent, note the relationship among the various programs that have been established a different times and decide if alternate arrangements might better serve national goals and objectives. Coordination among programs might also be achieved.

For example, when four programs provide aid for water pollution control, some unifying legislative action might be helpful.

The National Association of State Budget Officers in 1963 adopted a resolution endorsing the periodic review of federal grant programs.

Title VI provides a means of consolidating grant-in-aid programs. Between presidential findings under this title and Congressional findings under Title V, considerable strides should be possible to assure that many related cate-

gorical grant programs are correlated through the use of simplified administrative procedures to achieve the basic goals set by Congress.

In this connection we also endorse the principles of S. 2981, the Joint Funding Simplification Act of 1967. This act, in conjunction with Titles V and VI of the Intergovernmental Cooperation Act, will provide a battery of means to eliminate some of the ill effects of too many diverse categorical grant programs.

Amendment number 748 to S. 698, providing for improved coordination of auditing, should be beneficial to both federal and state agencies. State agencies have frequently complained of long delays in federal audits. This amendment should make possible more timely audits, whether done by state or federal auditors, simply through reducing the number of audits any federal program auditor is required to perform. It should also, where necessary, encourage States to provide adequate and timely audits so that state agencies will not be so subject to later federal audits.

In summary, Mr. Chairman, we endorse the basic objectives of the Intergovernmental Cooperation Act and the Joint Funding Simplification Act and urge favorable and prompt Congressional action.

(The subcommittee submitted the following questions to Federal departments and agencies:

(1. A description of any changes in your agency's relocation assistance and compensation policies, procedures and benefits made subsequent to your report to the Select Subcommittee on Real Property Acquisition, as published in December 1964.

(2. A description of any changes in policy or procedure relating to the evaluation, appraisal, negotiation and acquisition of real property made subsequent to your report and answers to questions given to the aforesaid select subcommittee, as published.

(3. Are your negotiators allowed to make an offer for the acquisition of real property below the agency approved appraisal; and if so, under what circumstances or rules is such action permitted?

(4. Since January 1, 1965, state the following:

((a) Number of purchases in which the initial offer was less than the agency approved appraisal;

((b) Number of actual purchases made at less than the agency approved appraisal;

((c) Number of purchases made at the agency approved appraisal; and

((d) Number of purchases made above the agency approved appraisal.

(The responses received are as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D.C., June 24, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations,
U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: General Cassidy has asked me to reply to your recent communication requesting certain information to be used in developing a full record with respect to S. 698, the Intergovernmental Cooperation Act.

The information in the following paragraphs is furnished in response to the corresponding paragraphs in your letter:

(a) No changes have been made in our relocation assistance and compensation policies, procedures, or benefits, subsequent to the report to the Select Subcommittee on Real Property Acquisition, as published in December 1964.

(b) No changes in policy or procedure relating to the evaluation, appraisal, negotiation and acquisition of real property have been made subsequent to the report to the select subcommittee.

(c) In our acquisition procedures, the initial offer does not always represent the exact appraisal figure but it does represent a fair price for the property. All initial offers are within a reasonable range of the appraisal figure, taking

into consideration that an appraisal does not establish value and that other expert opinions of value will normally vary, either higher or lower. Initial offers may be made which are below the exact appraisal figure but they cannot be substantially below. They must be within the probable variations to be expected to result between opinions of different experienced appraisers.

The concept behind this policy is that market value is not necessarily determined by appraisals. Rather, market value is arrived at by negotiation between a willing buyer and a willing seller. A uniform practice of restricting offers to the exact amount of an appraisal would derogate from our stated policy of engaging in actual, practical, realistic negotiations, taking into consideration all of the flexible factors which would influence a willing seller. This policy is in accordance with the intent of Congress as expressed in Section 301 of the Land Acquisition Policy Act of 1960, Public Law 86-645.

A policy providing that an appraiser chosen by the Government shall fix a value below which the United States cannot purchase would, in effect, substitute his judgment for market value. Furthermore, if the appraiser's opinion is considered as a substitute for the establishment of the lowest fair price, it is logical to substitute his opinion as the maximum price. As a result, any true negotiations would be precluded.

As stated in the select subcommittee report, "The purpose of the appraisal is to estimate the fair market value of land under judicial concepts". This is defined in our procedures as "the highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used". While the appraisal is not an exact science, the appraisers rely on certain assumptions and data of the real estate market to arrive at price and not a reasonable range of value. Our negotiations are conducted within this range, which is determined from the appraisal and the appraiser's analysis of the data contained therein.

(d) There is inclosed a tabulation showing the number of tracts of land acquired by the Corps of Engineers, during the period 1 January 1965 through 30 June 1967, and indicating the number and percentage of instances in which the property was purchased at less than the appraisal estimate, the number and percentage purchased at the appraisal, and the number and percentage purchased at an amount greater than the appraisal. This data includes all land acquisition by the Corps of Engineers, including that for Civil Works, Army and Air Force military, NASA and others.

No consolidated report is available indicating the number or percentage of tracts on which the initial offer was less than the appraised valuation. As pointed out above, negotiations consist of a series of offers and counteroffers designed to reach an agreement as to price which is just and reasonable to the landowner and fair to the Government. Therefore, it is reasonable to assume that in a substantial number of cases the initial offer was less than the Government's appraisal estimate.

I trust that this information is satisfactory for your purposes.

Sincerely,

MAX McCORD,
Colonel, Corps of Engineers, and Director of Real Estate.

EXHIBIT A

	Tracts optioned at less than the appraisal	Percent	Tracts optioned at the appraisal	Percent	Tracts optioned at more than the appraisal	Percent
Jan. 1-June 30, 1965.....	790	11.0	2,874	39.0	3,621	50.0
Fiscal year 1966.....	1,060	10.0	3,037	29.0	6,290	61.0
Fiscal year 1967.....	831	10.0	2,236	26.0	5,390	64.0
Total.....	2,681	10.3	8,147	31.2	15,301	58.5

Note: Total tracts, 26,129.

U.S. DEPARTMENT OF TRANSPORTATION,
FEDERAL HIGHWAY ADMINISTRATION,
Washington, D.C., June 25, 1968.

Hon. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: This is in response to your letter of June 13, 1968, requesting certain information for the record in connection with S. 698, the proposed Intergovernmental Cooperation Act. We understand from Mr. Turner, Subcommittee Counsel, that you wish to learn changes in our procedures since January 1, 1965. For convenience, we have restated the specific requests in your letter followed in each case by our responses:

"(1) A description of any changes in your agency's relocation assistance and compensation policies, procedures and benefits made subsequent to your report to the Select Subcommittee on Real Property Acquisition, as published in December, 1964."

There have been some changes. The more significant ones are the following:

(a) Notice must be given to a property owner as to availability of relocation assistance in 15 days after the start of negotiations on a parcel where such negotiations commence less than six months before possession is needed. Bureau of Public Roads Policy and Procedure Memorandum (PPM) 80-5, issued April 20, 1967. See also par. 9c, 21-4.4, May 24, 1966.

(b) In the case of a business move, claimants may be paid on the basis of the lowest reliable estimate, and the cost of such estimates are eligible cost items. Par. 3m(1), Bureau of Public Roads Policy and Procedure Memorandum (PPM) 80-5, December 27, 1967.

"(2) A description of any changes in policy or procedure relating to the evaluation, appraisal, negotiation and acquisition of real property made subsequent to your report and answers to questions given to the aforesaid Select Subcommittee, as published."

(a) With respect to delivery of payments to grantors of right-of-way, no Federal-aid participation in the costs of rights-of-way or related incidental costs is permitted where payment is delivered by the appraiser or negotiator on a parcel. IM 21-7-65, April 20, 1965.

(b) Where Federal-aid funds are participating in the cost of right-of-way, the property owner shall not be required to surrender physical possession of the property until payment of 75 percent or more of the established fair market value has been made available to the property owner without prejudice. The payment can be made available by direct tender in negotiated cases or by deposit into court in a condemnation case, provided the condemnee has the right to draw against such deposit. Federal funds will not be available for interest payments after the date payment has been made available on that portion of the final settlement or award represented by such partial payment. IM 21-9-65, September 13, 1965.

(c) Federal-aid participation in right-of-way costs will not be permitted unless the property owner, in the first instance, has been offered in writing the established fair market value of the property to be taken for highway purposes. The mere sending of a letter to that effect is not sufficient; personal contact must be made and the full effect of the taking explained to the property owner. At the same time, the owner is to be supplied in writing, with an explanation of the steps available to him, if he elects to reject the State's offer. IM 21-14-65, November 30, 1965. See also IM 21-2-67, January 27, 1967.

(d) A written statement must be filed by the negotiator, after each contact with the property owner, indicating the substance of the contact. A certification must also be filed as to the negotiator's interest, when negotiations are successful. PPM 80-4, April 17, 1967.

(e) Simple value findings, rather than formal appraisals as such, and short form appraisals are authorized, defined and encouraged for use. Value findings are confined to properties of \$250 or under, and short form appraisals to \$2,500 or under.

(f) Original appraisals must be retained for a period of not less than three years from the date of payment of the final voucher. Any requests for correction or revision should be in writing, setting forth the reasons for the request. CM, February 3, 1966.

(g) Value findings are now authorized on properties of \$500 or under, as follows:

The cost of small "nominal value" tracts of right-of-way is eligible for Federal funds participation when acquired without formal written appraisals, but on the basis of written "value findings" made by qualified highway department staff of fee personnel. In connection with very small takings, some highway departments prescribe a minimum payment to a property owner. Federal funds may participate in such payment if they do not exceed \$50 per parcel. IM 21-8-67, February 24, 1967.

(h) Federal funds may participate in the first two appraisals made for any parcel valued at over \$500. Federal funds may participate in the cost of two or more appraisals on parcels valued at less than \$500 upon prior approval by the division engineer on a parcel basis. IM 21-8-67, February 24, 1967.

(i) A significant policy relating to control of access impairment has been revised to read as follows:

Payments made for personal property, loss of business or goodwill, circuity of travel and diversion of traffic, or other items of damage not generally compensable in eminent domain, are not considered eligible for Federal participation. Federal funds will participate in payments made for loss or impairment of access if such payments are based upon elements of damage generally compensable in eminent domain. Paragraph 5n, PPM 80-1, July 28, 1967 (formerly 6b of PPM 21-4.1).

"(3) Are your negotiators allowed to make an offer for the acquisition of real property below the agency approved appraisal; and, if so, under what circumstances or rules is such action permitted?"

Under our procedures, the negotiator must offer the property owner the full current market value of the property to be taken, as determined by the State's reviewing appraiser, at the first contact where price is discussed. Such an offer must be presented in writing at the time the verbal offer is made, and is confirmed in writing on or prior to the second negotiating contact. The written offer can be in the form of a letter, deed, option, agreement, etc. The negotiator must record the amount of all offers in his record of call report, and such report must be made a part of the parcel file. PPM 80-4, paragraph 3(b).

"(4) Since January 1, 1965, state the following:

(a) Number of purchases in which the initial offer was less than the agency approved appraisal;"

Since November 30, 1965, it has been our requirement that the initial offer to the property owner be the full amount of the reviewing appraiser's estimate of value. This amount in most cases is the amount of an appraisal. On properties requiring more than one appraisal, in most cases, the reviewing appraiser will select one of the appraisals as the amount of offer. Current regulations prohibit Federal-aid participation on parcels where less than State's approved estimate of value was offered and settlement made on that basis.

"(b) number of actual purchases made at less than the agency approved appraisal;"

As indicated above, such purchases would not be eligible for Federal aid reimbursement because they are contrary to our regulations. To our knowledge, no records of such purchases are being kept by the State. In any event, we have no present knowledge of the extent of such purchases, but in any case, they must be negligible or nonexistent.

"(c) number of purchases made at the agency approved appraisal;"

An extensive analysis of State right-of-way purchases and files would be required to provide precise data on this point. However, the majority of right-of-way purchased by the States fall into this category; we estimate this to be approximately 80 percent of all acquisitions.

"(d) number of purchases made above the agency approved appraisal."

"Purchases above appraisals involve administrative or stipulated settlements, and such action would require justification as specified in our regulations. This category is estimated to account for approximately 10 percent of the total acquisitions that qualify for Federal-aid reimbursement. The remaining 5 percent go to condemnation to clear title or other technical reasons and 5 percent go to contested trial. The above are national averages; there could be variations from State to State and region to region.

We trust that this information will be of help to you. If we can be of any further assistance, please do not hesitate to call on us.

Sincerely,

LOWELL K. BRIDWELL,
Federal Highway Administrator.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., June 26, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations U.S. Senate, Washington, D.C.

Dear SENATOR MUSKIE: Thank you for your letter of June 13 concerning the acquisition of real property by General Services Administration for Federal buildings projects since January 1, 1965.

The following is submitted in response to your numbered questions:

(1) There has been no change in our relocation assistance and compensation policies, procedures, and benefits subsequent to our report to the Select Subcommittee on Real Property Acquisition as published in December 1964 because there has been no change in our statutory authority for the acquisition of real property. Since that time General Services Administration has favored the enactment of uniform legislation which would authorize all Federal agencies to pay certain relocation costs and other benefits over and above the price paid for the real property based on its current fair market value.

(2) There has been no change in our policy or procedure relating to the evaluation, appraisal, negotiation and acquisition of real property since the 1964 report and the answers to questions submitted by the Select Subcommittee.

(3) Our procedures require that negotiations by our realty officers be directed to payment of just compensation for the property, recognizing that this is a price within reasonable range of the current appraised fair market value and that a real property appraisal is not infallible nor inflexible but at best reflects a range of value. In an effort to acquire real property at a price within reasonable range of the appraised fair market value as a rule our realty officers commence their negotiations at a figure slightly below the appraisal with the expectancy that in most instances a satisfactory price will be reached at or above, but within reasonable range of the appraised fair market value. As stated in our answer to question 20 furnished to the Select Subcommittee in March 1964, we follow this policy of flexible negotiations with the range extending from an offer or counter-offer at or below the appraised fair market value, which, if accepted would constitute just compensation for the property, to an offer or counter-offer in excess of the appraised fair market value which can be justified as within a reasonable range of the appraised fair market value. Prescribed procedures expressly require our negotiators at all time to exercise care "to completely and honestly protect the interests of property owners * * * who may be unfamiliar or inexperienced in real estate transactions and real estate values."

(4) Since January 1, 1965:

(a) Number of purchases in which the initial offer was less than the agency approved appraisal—390.

This is the total number of parcels purchased for the prescribed period and is included as an estimate in the absence of specific information as to how negotiations were started on each parcel, since negotiations are usually started at a figure less than the appraised fair market value.

(b) Number of actual purchases made at less than the agency approved appraisals—61.

In all of these instances we believe that the price paid was within a reasonable range of appraised fair market value and constituted just compensation for the property.

(c) Number of purchases made at the agency approved appraisal—54.

(d) Number of purchases made above the agency approved appraisal—275.

Out of a total of 390 parcels purchased, 84 percent were acquired at and above the appraised fair market value.

Sincerely,

LAWSON B. KNOTT, Jr.,
Administrator.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 25, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: This is a followup letter to my letter of June 18, and is in response to the questions asked in your letter of June 13, in connection with S. 698. The answers to the questions are as follows:

1. There have been no changes in the Department's relocation assistance and compensation policies, procedures and benefits since our report to the Select Subcommittee on Real Property Acquisition, as published on 1964.

2. There have been no changes in policies or procedures relating to the evaluation, appraisal, negotiation and acquisition of real property since our report to the aforementioned Select Subcommittee on Real Property Acquisition.

3. In most of the land purchasing programs carried on by this Department, our negotiators offer the landowners the current estimated full market value as determined by an approved appraisal. In the case of land purchases made by the Park Service and in connection with the Migratory Bird Program, we are authorized to make and do make offers for less than the approved appraisal.

4. Since January 1, 1965:

- | | |
|--|---------|
| (a) Number of purchases in which the initial offer was less than the Department approved appraisal has been..... | 4, 938 |
| (b) Number of actual purchases made at less than the Department approved appraisal has been..... | 1, 687 |
| (c) Number of purchases made at the Department approved appraisal has been..... | 17, 087 |
| (d) Number of purchases made above the Department approved appraisal has been..... | 3, 147 |

Sincerely yours,

KENNETH HOLUM,
Acting Secretary of the Interior.

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., June 24, 1968.

HON. JOHN L. MCCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department concerning S. 2981, a bill to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes.

The purpose of this legislation is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval, and administration of federally-assisted projects which draw upon resources available from more than one Federal agency program or appropriation.

This bill is permissive in nature. Although it makes the head of each Federal agency "responsible for taking actions, to the maximum extent feasible under applicable law, which will further the purposes of this Act with respect to Federal assistance programs administered by his agency," this language does not require the head of the agency to take actions which although permissible under existing law would not be consonant with good management practices.

This Department supports the enactment of S. 2981.

The Bureau of the Budget advised there would be no objection to the submission of this report and further that enactment of this legislation would be in accord with the program of the President.

Sincerely,

JOSEPH E. BARTLETT,
General Counsel.

(The material supplied by the Department of Housing and Urban Development follows:)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., February 6, 1968.

LOCAL PUBLIC AGENCY LETTER NO. 449

Subject: Negotiations for acquisition of real property.

The attached statement of policy and requirements governing negotiations for the acquisition of real property is applicable uniformly to all Renewal and Housing Assistance programs, including urban renewal projects.

Effective date of policy

The attached prescribed policy and requirements are mandatory with respect to each negotiation started after 30 days following receipt of this Letter. If an LPA began its negotiations with an owner before the end of such 30-day period and its initial offer to the owner was less than the HUD concurred-in acquisition price, the LPA shall, before the expiration of 90 days after receiving this Letter, either:

(1) Acquire, contract with the owner to acquire, or institute condemnation proceedings against, the property in accordance with the HUD requirements in effect immediately before the issuance of this policy, or

(2) Make a final written offer to the owner of the full amount of the HUD concurred-in acquisition price.

Implementation of policy

The introduction of the attached prescribed policy will require little or no change in the present negotiating practices of many LPA's. For others, modifications will be needed. If any LPA encounters legal or difficult practical impediments to achieving full conformance to the policy within the times specified in this Letter, the LPA should promptly notify the HUD Regional Office of the nature of its problem, any relief needed, and its proposed solution of the problem.

Modification of program policy and requirements

The attached policy and requirements cancel the provisions of the Urban Renewal Manual, Section 13-4-2, second, third, and fourth paragraphs under the heading, "Payment of Fair Prices." All remaining provisions of the Urban Renewal Manual and outstanding LPA Letters, pertaining to real estate acquisition, continue applicable to all acquisitions of property, including properties of the kind exempted by the attached statement from its specific requirements.

DON HUMMEL,
Assistant Secretary.

Attachment.

Attachment to:

HAA circular dated February 6, 1968 (Low-rent public housing program).

Local Public Agency Letter No. 449 (Urban renewal program).

Letter No. NF-7 (Neighborhood facilities program).

Code Enforcement Letter No. 11 (Code enforcement program).

To: Local agencies acquiring real property for RHA-assisted programs.

Subject: Negotiations for acquisition of real property.

PURPOSE

This statement establishes the policy to be followed uniformly by all local agencies in their negotiations with property owners for the purchase of real property for projects assisted by the Housing Assistance Administration or the Renewal Assistance Administration.

The principal purposes of the policy are (1) to provide additional protection for the interests of property owners, especially the unsophisticated or poorly informed who have limited ability to negotiate with representatives of local agencies, and (2) to put all negotiations for the acquisition of real property for RHA-assisted programs on a basis that acknowledges and accepts the obligation of public entities to treat all owners fairly, impartially, and consistently in negotiating the acquisition of their properties.

POLICY ON NEGOTIATIONS

The negotiations of a local agency with a property owner for the acquisition of real property or any interest therein, except property of a kind specifically exempted below, shall be on the basis of offering the owner initially the full amount of the acquisition price determined by the local agency and concurred in by HUD to represent fair compensation for the property to be acquired. Negotiations exempted from the foregoing initial-offer policy must, of course, also be conducted fairly and impartially.

SCOPE AND APPLICABILITY

Programs affected.—The above-stated policy and the requirements set forth below shall govern the negotiations of local agencies with property owners for the acquisition of real property for the following RHA-assisted programs:

Low-rent public housing, urban renewal, urban parks (open-space land program), neighborhood facilities, and code enforcement.

Properties covered by the policy.—The policy and requirements apply to the local agency's negotiations with owners for the acquisition of all properties, except:

1. Property proposed for purchase from an owner who is under no compulsion to sell, i.e., where the local agency is not committed or required to acquire the property and will buy the property only if it can do so at an acceptable price and on an acceptable basis without resorting to a trial of the issue of value or compensation in an eminent domain proceeding.

2. Property owned by the Federal Government, a State or local government, or an instrumentality thereof.

3. Property donated to the project.

4. Property of an owner who voluntarily and knowingly offers to sell his property to the project for less than its fair market value and executes a statement to that effect.

5. Any property for which the HUD concurred-in acquisition price is more than \$100,000.

6. Any specifically identified property or interest in real property, regardless of its value, of such an unusual character that the local agency finds, with HUD Regional Office concurrence, that the fair compensation for the property should be determined by negotiating the basis of compensation and the amount thereof without first making a firm initial offer to the owner. Examples of the kinds of property and property interests for which such a finding may be appropriate are cemeteries, railroad operating properties, utility easements, limited interests and servitudes in land, and special-purpose industrial plants and similar properties involving complicated or controversial determinations of what is a fixture, i.e., realty, and what is personality.

BASIS FOR POLICY

The foregoing policy accepts as valid for RHA-assisted projects the principle that the owner of a property to be taken for a public purpose generally should not be forced to bargain with a local agency to obtain an offer of the full amount determined by the local agency, with HUD concurrence, to represent the fair compensation for his property. The policy thus recognizes that a public entity armed with the power of eminent domain has a public duty, in its negotiations with owners, not only to protect the public interest, but also to safeguard the rights and interests of the owners.

The local agency's real estate representative, accordingly, must recognize that the central purpose of his negotiations of purchase prices should be to induce each owner to sell his property to the local agency at a price that represents the compensation that the owner would be entitled under eminent domain law to receive and the local agency would be obligated under such law to pay. With that objective in mind, negotiations will be conducted as they should be—from the viewpoint of seeking agreements as to fair compensation, rather than as a bargaining procedure that pits the power of the public body against the negotiating ability of the owner.

The policy has not been made applicable to negotiations for the purchase of properties in situations where the owner is under no compulsion to sell because in such cases the owner is under no pressure or threat of condemnation action and is entirely free to sell or not to sell as he pleases. If he chooses to sell, he does so voluntarily and needs no more protection than a seller of property in a private sale.

Properties having a HUD concurred-in acquisition price or approved valuation of more than \$100,000 have also been excepted from the requirement because the determination of the proper valuation and compensation at such value levels is likely to require negotiation to reach a fully objective determination of value.

Other exceptions have been made, as noted, where the policy would be inappropriate or unnecessary.

NEGOTIATING PRACTICE

The negotiations with an owner of property, which the local agency would acquire by condemnation if an agreement with the owner as to the purchase price cannot be reached through negotiation, shall be started as soon as feasible after the required appraisals of the property have been completed and the price determined to represent the fair compensation for the property has been concurred in by the HUD Regional Office.

In every case for which the prescribed negotiating policy is applicable, the owner shall be offered initially the full measure of compensation authorized by the HUD price concurrence. In making the initial offer, the local agency or its real estate representative shall explain to the owner in a personal interview, if feasible, the policy of offering owners initially, and without any bargaining, the full price determined on the basis of competent appraisal to be the fair compensation for the property. Before, or preferably during, the first interview, each owner shall be furnished a written statement of the amount and the terms and conditions of the offer and an explanation of the steps the local agency will take if the owner elects to reject the local agency's offer. Merely sending a letter to an owner-occupant or a nonoccupant owner residing in the same locality is not enough. Effective personal negotiations are as necessary, if not more essential, under a full-fair-offer procedure, as when using the conventional trading method of negotiation.

The local agency's real estate representatives and staff members who will have dealings with property owners must be able to explain the local agency's acquisition policies and practices, including the full-fair-offer policy, and be able to assure owners that the local agency's policy is to protect the interests of the owners as well as the public interest. The real estate representative who negotiates with an owner must understand thoroughly the steps taken and the method used to determine the price offered to the owner, and he must be able to explain the process convincingly to the owner. His approach to the owner must never be an arbitrary one. But he must make it clear to the owner, on the other hand, that the offer is the full amount determined by the local agency, and concurred in by HUD, to be the compensation that the owner is entitled to receive for his property and that the offer will not be changed unless evidence that the offered price is not sound is furnished by the owner or otherwise found by the local agency to exist.

The policy must never be regarded or explained by negotiators, or anyone else, as requiring or establishing an inflexible one-price system. Because the objective is the payment of fair and proper compensation, price adjustments can be made, and they should be proposed by the local agency whenever needed to correct a previously concurred-in acquisition price for a property. If an error of appraisal or other justification for revising a concurred-in acquisition price is discovered, the local agency shall submit a request for a revision to the HUD Regional Office, with appropriate explanation and justification.

OBJECTIVES OF REAL ESTATE ACQUISITION POLICY

The principal objective of the Department's policies on real estate acquisition has been, and will continue to be, to make HUD-assisted land acquisition programs models of fairness and efficiency. The adoption, on a national scale for all RHA-assisted programs, of a uniform practice of offering each owner the full amount of the HUD concurred-in acquisition price at the outset of negotiations is believed to be an important further step toward full realization of the goals of fairness and efficiency, not only for HUD, but also for all local agencies participating in HUD programs.

URBAN RENEWAL MANUAL PROVISIONS SUPERSEDED

13 4-2 LAND ACQUISITION

LAND ACQUISITION PROCEDURES

PAYMENT OF FAIR PRICES

* * * * *

To ensure that every homeowner and owner-occupant of small multi-family residential property is protected as completely as possible by this fair-price policy, the LPA shall pay, for each property in either of the categories listed below, a price that is not less than the lowest satisfactory appraisal considered by the LPA and the HHFA Regional Office in establishing the maximum acquisition price for the property on Form H-6144. In determining whether a proposed price complies with this requirement, the LPA may adjust the valuation reported in the lowest satisfactory appraisal to reflect the value of any rights or interests which are to be reserved in the vendor, as provided below under the hearing "Reservation of Rights in Vendor," but which were not considered by the appraiser in reaching his opinion of value.

The foregoing limitation on minimum acquisition price applies to each acquisition, by purchase or by stipulation or agreement as to value in a condemnation proceeding, of either of the following:

(1) Single-family dwelling property occupied entirely by the owner, regardless of the property value.

(2) One- to four-family dwelling property in which the owner is an occupant and for which the HHFA concurred-in acquisition price for the property is \$15,000 or less.

A price that is lower than specified above may be paid only if the LPA has submitted to the HHFA Regional Office a justification of the proposed lower price as representing fair compensation for the property and has received HHFA concurrence in acquisition at the proposed price. The justification may consist of a staff analysis of the available appraisals and other pertinent valuation data or an additional appraisal in which the property is valued by the appraiser at not more than the LPA proposes to pay.

* * * * *



FOR HISTORY ON PUBLIC LAW 90-577

INTERGOVERNMENTAL COOPERATION

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

ON

H.R. 16718 and Related Bills TO STRENGTHEN INTERGOVERNMENTAL COOPERATION AND FOR OTHER PURPOSES

JUNE 12 AND 13, 1968

Printed for the use of the Committee on Government Operations



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1968

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INTERGOVERNMENTAL COOPERATION

WEDNESDAY, JUNE 12, 1968

HOUSE OF REPRESENTATIVES,
EXECUTIVE AND LEGISLATIVE
REORGANIZATION SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 2154, Rayburn Office Building, Hon. John A. Blatnik (chairman of the subcommittee) presiding.

Present: Representatives John A. Blatnik and Clarence J. Brown, Jr.

Also present: Elmer W. Henderson, subcommittee counsel; James A. Lanigan, general counsel, Committee on Government Operations; and William H. Copenhaver, minority professional staff.

Mr. BLATNIK. The Subcommittee on Executive and Legislative Reorganization will come to order.

These hearings have been called to consider H.R. 16718, introduced by my colleague, Congressman Erlenborn, and myself, and related bills on intergovernmental cooperation.

H.R. 16718, in draft form, was submitted to Congress by the Advisory Commission on Intergovernmental Relations and is a slightly modified version of H.R. 17955, a clean bill reported by this subcommittee in the 89th Congress but not acted upon by the full committee. Extensive hearings, chaired by Congressman Holifield, were held by us prior to this action.

H.R. 16718 has four substantive titles dealing with different facets of the relations between the Federal Government and State and local governments. It seeks to improve the administration of Federal grant-in-aid programs (aspects other than joint funding simplifications which we are treating in other legislation). It permits Federal agencies to provide reimbursable technical services to State and local governments; establishes a coordinated intergovernmental policy in programs of urban development; and directs Federal agencies to acquire, use and dispose of land in conformity with local programs. A brief summary and a more detailed analysis are included in your folders.

Other bills before us contain the above provisions and others, such as congressional review of grants-in-aid; consolidation of grant programs; a general land acquisition policy; and a uniform relocation policy.

The purpose of this legislation is to improve the method of operation of certain Federal programs as they affect State and local governments and thereby strengthen and vitalize our States, cities and counties and our federal system as a whole.

(The bills, H.R. 16718 and H.R. 5523, follow:)

90TH CONGRESS
2D SESSION

H. R. 16718

IN THE HOUSE OF REPRESENTATIVES

APRIL 23, 1968

Mr. BLATNIK (for himself and Mr. ERLNBORN) introduced the following bill;
which was referred to the Committee on Government Operations

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act be cited as the "Intergovernmental Coopera-
- 4 tion Act of 1968".

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term “Federal agency” means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation; and for the purpose of title VI the Architect of the Capitol.

STATE

SEC. 102. The term “State” means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term “political subdivision” or “local government” means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. “Unit of general local government” means any city, county, town, parish, village, or other general purpose political subdivision of a State.

1 SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

2 SEC. 105. "Special-purpose unit of local government"
3 means any special district, public-purpose corporation, or
4 other strictly limited-purpose political subdivision of a State,
5 but shall not include a school district.

6 GRANT OR GRANT-IN-AID

7 SEC. 106. The term "grant" or "grant-in-aid" means
8 money, or property provided in lieu of money, paid or fur-
9 nished by the United States under a fixed annual or aggre-
10 gate authorization—

11 (A) to a State; or

12 (B) to a political subdivision of a State; or

13 (C) to a beneficiary under a State-administered
14 plan or program which is subject to approval by a
15 Federal agency;

16 if such authorization either (i) requires the States or political
17 subdivisions to expend non-Federal funds as a condition for
18 the receipt of money or property from the United States; or
19 (ii) specifies directly, or establishes by means of a formula,
20 the amounts which may be paid or furnished to States or
21 political subdivisions, or the amounts to be allotted for use in
22 each of the States by the States, political subdivisions, or
23 other beneficiaries. The term does not include (1) shared

1 revenues; (2) payments of taxes; (3) payments in lieu of
2 taxes; (4) loans or repayable advances; (5) surplus prop-
3 erty or surplus agricultural commodities furnished as such;
4 (6) payments under research and development contracts or
5 grants which are awarded directly and on similar terms to all
6 qualifying organizations, whether public or private; or (7)
7 payments to States or political subdivisions as full reimburse-
8 ment for the costs incurred in paying benefits or furnishing
9 services to persons entitled thereto under Federal laws.

10 FEDERAL FINANCIAL ASSISTANCE

11 SEC. 107. The term "Federal financial assistance" does
12 not include any annual payment by the United States to the
13 District of Columbia authorized by article VI of the District
14 of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-
15 2501a and 47-2501b).

16 SPECIALIZED OR TECHNICAL SERVICES

17 SEC. 108. "Specialized or technical services" means
18 statistical and other studies and compilations, development
19 projects, technical tests and evaluations, technical informa-
20 tion, training activities, surveys, reports, documents, and any
21 other similar service functions which any department or
22 agency of the executive branch of the Federal Government
23 is especially equipped and authorized by law to perform.

2 SEC. 109. "Comprehensive planning", except in title V,
3 includes the following, to the extent directly related to area
4 needs or needs of a unit of general local government: (A)
5 preparation, as a guide for governmental policies and action,
6 of general plans with respect to (i) the pattern and intensity
7 of land use, (ii) the provision of public facilities (including
8 transportation facilities) and other government services,
9 and (iii) the effective development and utilization of human
10 and natural resources; (B) long-range physical and fiscal
11 plans for such action; (C) programing of capital improve-
12 ments and other major expenditures, based on a determina-
13 tion of relative urgency, together with definitive financing
14 plans for such expenditures in the earlier years of the
15 program; (D) coordination of all related plans and activities
16 of the State and local governments and agencies concerned;
17 and (E) preparation of regulatory and administrative meas-
18 ures in support of the foregoing.

SEC. 110. "Urban development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities,

1 sewerage facilities and waste treatment works, transportation
2 facilities, highways, water development and land conserva-
3 tion, and other public works facilities.

4 HEAD OF AGENCY

5 SEC. 111. The term "head of a Federal agency" or
6 "head of a State agency" includes a duly designated delegate
7 of such agency head.

8 TITLE II—IMPROVED ADMINISTRATION OF
9 GRANTS-IN-AID TO THE STATES

10 FULL INFORMATION ON FUNDS RECEIVED

11 SEC. 201. Any department or agency of the United
12 States Government which administers a program of grants-in-
13 aid to any of the State governments of the United States
14 shall, upon request, notify in writing the Governor or other
15 official designated by him, or the State legislature, of the pur-
16 pose and amounts of actual grants-in-aid to the State.

17 DEPOSIT OF GRANTS-IN-AID

18 SEC. 202. No grant-in-aid to a State shall be required by
19 Federal law to be deposited in a separate bank account apart
20 from other funds administered by the State. All Federal
21 grant-in-aid funds made available to the States shall be prop-
22 erly accounted for as Federal funds in the accounts of the
23 State. In each case the State agency concerned shall render
24 regular authenticated reports to the appropriate Federal
25 agency covering the status and the application of the funds,

1 the liabilities and obligations on hand, and such other facts as
2 may be required by said Federal agency. The head of the
3 Federal agency and the Comptroller General of the United
4 States or any of their duly authorized representatives shall
5 have access for the purpose of audit and examination to any
6 books, documents, papers, and records that are pertinent to
7 the grant-in-aid received by the States.

8 SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

9 SEC. 203. Heads of Federal departments and agencies
10 responsible for administering grant-in-aid programs shall
11 schedule the transfer of grant-in-aid funds consistent with
12 program purposes and applicable Treasury regulations, so as
13 to minimize the time elapsing between the transfer of such
14 funds from the United States Treasury and the disbursement
15 thereof by a State, whether such disbursement occurs prior
16 to or subsequent to such transfer of funds. States shall not be
17 held accountable for interest earned on grant-in-aid funds,
18 pending their disbursement for program purposes.

19 ELIGIBLE STATE AGENCY

20 SEC. 204. Notwithstanding any other Federal law which
21 provides that a single State agency or multimember board
22 or commission must be established or designated to adminis-
23 ter or supervise the administration of any grant-in-aid pro-
24 gram, the head of any Federal department or agency ad-
25 ministering such program may, upon request of the Gover-

1 nor or other appropriate executive or legislative authority
2 of the State responsible for determining or revising the or-
3 ganizational structure of State government, waive the single
4 State agency or multimember board or commission provision
5 upon adequate showing that such provision prevents the
6 establishment of the most effective and efficient organizational
7 arrangements within the State government and approve
8 other State administrative structure or arrangements: *Pro-*
9 *vided*, That the head of the Federal department or agency
10 determines that the objectives of the Federal statute authoriz-
11 ing the grant-in-aid program will not be endangered by the
12 use of such other State structure or arrangements.

13 TITLE III—PERMITTING FEDERAL DEPART-
14 MENTS AND AGENCIES TO PROVIDE SPECIAL
15 OR TECHNICAL SERVICES TO STATE AND
16 LOCAL UNITS OF GOVERNMENT

17 STATEMENT OF PURPOSE

18 SEC. 301. It is the purpose of this title to encourage in-
19 tergovernmental cooperation in the conduct of specialized
20 or technical services and provision of facilities essential to
21 the administration of State or local governmental activities,
22 many of which are nationwide in scope and financed in part
23 by Federal funds; to enable State or local governments to
24 avoid unnecessary duplication of special service functions;

1 and to authorize all departments and agencies of the execu-
2 tive branch of the Federal Government which do not have
3 such authority to provide specialized or technical services
4 to State and local governments.

5 AUTHORITY TO PROVIDE SERVICE

6 SEC. 302. The head of any Federal department or
7 agency is authorized within his discretion, upon written
8 request from a State or political subdivision thereof, to
9 provide specialized or technical services, upon payment, to
10 the department or agency by the unit of government making
11 the request, of salaries and all other identifiable direct or
12 indirect costs of performing such services: *Provided, however,*
13 That such services shall include only those which the Di-
14 rector of the Bureau of the Budget through rules and regu-
15 lations determines Federal departments and agencies have
16 special competence to provide. Such rules and regulations
17 shall be consistent with and in furtherance of the Govern-
18 ment's policy of relying on the private industry system to
19 provide those services which are reasonably and expedi-
20 tiously available through ordinary business channels.

21 REIMBURSEMENT OF APPROPRIATION

22 SEC. 303. All moneys received by any department or
23 agency of the executive branch of the Federal Government,

1 or any bureau or other administrative division thereof, in
2 payment for furnishing specialized or technical services as
3 authorized under section 302 shall be deposited to the credit
4 of the principal appropriation from which the cost of provid-
5 ing such services has been paid or is to be charged, or to
6 the appropriation currently available for the cost of similar
7 services.

8 REPORTS TO CONGRESS

9 SEC. 304. The Secretary of any department or the
10 administrative head of any agency of the executive branch
11 of the Federal Government shall furnish annually to the
12 respective Committees on Government Operations of the
13 Senate and House of Representatives a summary report on
14 the scope of the services provided under the administration
15 of this title.

16 RESERVATION OF EXISTING AUTHORITY

17 SEC. 305. This title is in addition to and does not super-
18 sede any existing authority now possessed by any Federal
19 department or agency with respect to furnishing services,
20 whether on a reimbursable or nonreimbursable basis, to State
21 and local units of government.

1 TITLE IV—COORDINATED INTERGOVERNMENTAL
2 POLICY AND ADMINISTRATION OF
3 GRANTS FOR URBAN DEVELOPMENT

4 DECLARATION OF URBAN ASSISTANCE POLICY

5 SEC. 401. (a) The economic and social development of
6 the Nation, its strength in world affairs and the achievement
7 of satisfactory levels of living depend in large degree upon
8 the sound and orderly development of urban communities. In
9 pursuit of this basic objective, the President may establish
10 rules and regulations for uniform application in the formula-
11 tion, evaluation, and review of urban development programs
12 and projects for the provision of federally aided urban facili-
13 ties, and Federal projects having a significant impact on the
14 development of urban and urbanizing communities. Such
15 rules and regulations shall provide for full consideration of
16 the concurrent achievement of the following specific objec-
17 tives of urban development, and, to the extent authorized by
18 law, reasoned choices shall be made between such objectives
19 when they conflict:

20 (1) Appropriate land uses for residential, commer-

1 cial, industrial, governmental, institutional, and other
2 purposes;

3 (2) Wise development and conservation of natural
4 resources, including land, water, minerals, wildlife, and
5 others;

6 (3) Balanced transportation systems, including
7 highway, air, water, pedestrian, mass transit, and other
8 modes for the movement of people and goods;

9 (4) Adequate outdoor recreation and open space;

10 (5) Protection of areas of unique natural beauty,
11 historical and scientific interest;

12 (6) Properly planned community facilities, includ-
13 ing utilities for the supply of power, water, and com-
14 munications, for the safe disposal of wastes, and for
15 other purposes;

16 (7) Any other objective through which urban de-
17 velopment activities can contribute to the economic,
18 social, and cultural development of the Nation, its
19 strength in world affairs, and the achievement of en-
20 hanced levels of living; and

21 (8) Concern for high standards of design.

22 (b) All viewpoints—national, regional, State, and
23 local—shall, to the extent possible, be fully considered and
24 taken into account in planning Federal or federally assisted

1 urban development programs and projects. Regional, State,
2 and local government objectives shall be considered and
3 evaluated within a framework of national public objectives,
4 and available projections of future national conditions and
5 needs of regions, States, and localities shall be considered
6 in plan formulation, evaluation, and review.

7 (c) To the maximum extent possible, consistent with
8 national objectives, all Federal aid for urban development
9 purposes shall be consistent with and further the objectives
10 of State, regional, and local comprehensive planning for
11 urban development. Consideration shall be given to all devel-
12 opmental aspects of the total urban community, including but
13 not limited to housing, transportation, economic develop-
14 ment, natural and human resources development, community
15 facilities, and the general improvement of living environ-
16 ments.

17 (d) Each Federal department and agency administer-
18 ing an urban development assistance program shall, to the
19 maximum extent practicable, consult with and seek advice
20 from all other significantly affected Federal departments and
21 agencies in an effort to assure fully coordinated programs.

22 (e) Insofar as possible, systematic planning required
23 by individual Federal programs (such as highway construc-

1 tion, urban renewal, and open space) shall be coordinated
2 with and made part of comprehensive local and areawide
3 urban development planning.

4 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

5 SEC. 402. Where Federal law provides that both special-
6 purpose units of local government and units of general local
7 government are eligible to receive loans or grants-in-aid for
8 urban development, heads of Federal departments and agen-
9 cies shall, in the absence of substantial reasons to the con-
10 trary, make such loans or grants-in-aid for urban develop-
11 ment to units of general local government rather than to
12 special-purpose units of local government.

13 RULES AND REGULATIONS

14 SEC. 403. The Bureau of the Budget or such other
15 agency as may be designated by the President is hereby
16 authorized to prescribe such rules and regulations as are
17 deemed appropriate for the effective administration of this
18 title. Such rules and regulations shall take into considera-
19 tion the basic distinctions between areas which are primarily
20 rural and those which are urban or metropolitan, as well as
21 between the agencies which have program responsibilities
22 in the different areas.

1 TITLE V—ACQUISITION, USE, AND DISPOSITION
 2 OF LAND WITHIN URBAN AREAS BY FED-
 3 ERAL AGENCIES IN CONFORMITY WITH
 4 LAND UTILIZATION PROGRAMS OF AF-
 5 FECTED LOCAL GOVERNMENT

6 AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE
 7 SERVICES ACT

8 SEC. 501. The Federal Property and Administrative
 9 Services Act of 1949, as amended (40 U.S.C. 471 et seq.),
 10 is amended by adding at the end thereof a new title as
 11 follows:

12 “TITLE VIII—URBAN LAND UTILIZATION

13 “SHORT TITLE

14 “SEC. 801. This title may be cited as the ‘Federal Urban
 15 Land-Use Act’.

16 “DECLARATION OF PURPOSE AND POLICY

17 “SEC. 802. It is the purpose of this title to promote more
 18 harmonious intergovernmental relations by prescribing uni-
 19 form policies and procedures whereby the Administrator
 20 shall acquire, use, and dispose of land in urban areas in
 21 order that urban land transactions entered into for the Gen-
 22 eral Services Administration or on behalf of other Federal

1 agencies shall, to the greatest extent practicable, be con-
 2 sistent with zoning and land-use practices and shall be made
 3 to the greatest extent in accordance with planning and de-
 4 velopment objectives of the local governments and local
 5 planning agencies concerned.

6 "DISPOSAL OF URBAN LANDS

7 "SEC. 803. (a) Whenever the Administrator con-
 8 templates the disposal for or on behalf of any Federal
 9 agency of any real property situated within an urban area,
 10 he shall, prior to offering such land for sale, give reasonable
 11 notice to the head of the governing body of the unit of
 12 general local government having jurisdiction over zoning
 13 and land-use regulation in the geographical area within
 14 which the land or lands are located in order to afford the
 15 government the opportunity of zoning for the use of such
 16 land in accordance with local comprehensive planning.

17 "(b) The Administrator, to the greatest practicable
 18 extent, shall furnish to all prospective purchasers of such
 19 real property, full and complete information concerning—

20 "(1) current zoning regulations and prospective
 21 zoning requirements and objectives for such property
 22 when it is unzoned; and

23 "(2) current availability to such property of streets,
 24 sidewalks, sewers, water, street lights, and other service

1 facilities and prospective availability of such services if
2 such property is included in comprehensive planning.

3 "ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

4 "SEC. 804. (a) To the extent practicable, prior to a
5 commitment to acquire any real property situated in an urban
6 area, the Administrator shall notify the unit of general local
7 government exercising zoning and land-use jurisdiction over
8 the land proposed to be purchased of his intent to acquire
9 such land and the proposed use of the property. In the event
10 that the Administrator determines that such advance notice
11 would have an adverse impact on the proposed purchase, he
12 shall, upon conclusion of the acquisition, immediately notify
13 such local government of the acquisition and the proposed use
14 of the property.

15 "(b) In the acquisition or change of use of any real
16 property situated in an urban area as a site for public build-
17 ing, the Administrator shall, to the extent he determines
18 practicable—

19 "(1) consider all objections made to any such
20 acquisition or change of use by such unit of government
21 upon the ground that the proposed acquisition or change
22 of use conflicts or would conflict with the zoning regula-
23 tions or planning objectives of such unit; and

24 "(2) comply with and conform to such regulations

1 of the unit of general local government having jurisdic-
2 tion with respect to the area within which such property
3 is situated and the planning and development objectives
4 of such local government.

5 "SEC. 805. The procedures prescribed in sections 803
6 and 804 may be waived during any period of national emer-
7 gency proclaimed by the President.

8 "DEFINITIONS

9 "SEC. 806. As used in this title—

10 "(a) 'Unit of general local government' means any city,
11 county, town, parish, village, or other general-purpose politi-
12 cal subdivision of a State.

13 "(b) 'Urban area' means—

14 "(1) any geographical area within the jurisdic-
15 tion of any incorporated city, town, borough, village,
16 or other unit of general local government, except county
17 or parish, having a population of ten thousand or more
18 inhabitants;

19 "(2) that portion of the geographical area within
20 the jurisdiction of any county, town, township, or simi-
21 lar governmental entity which contains no incorporated
22 unit of general local government but has a population
23 density equal to or exceeding one thousand five hundred
24 inhabitants per square mile; and

1 “(3) that portion of any geographical area having a
2 population density equal to or exceeding one thousand
3 five hundred inhabitants per square mile and situated ad-
4 jacent to the boundary of any incorporated unit of gen-
5 eral local government which has a population of ten
6 thousand or more inhabitants.

7 “(c) ‘Comprehensive planning’ includes the following,
8 to the extent directly related to the needs of a unit of general
9 local government:

10 “(1) Preparation, as a guide for governmental poli-
11 cies and action, of general plans with respect to (A)
12 the pattern and intensity of land use, (B) the provision
13 of public facilities (including transportation facilities)
14 and other governmental services, and (C) the effective
15 development and utilization of human and natural
16 resources;’

17 “(2) Long-range physical and fiscal plans for such
18 action;

19 “(3) Programing of capital improvements and
20 other major expenditures, based on a determination of
21 relative urgency, together with definitive financing plans
22 for such expenditures in the earlier years of the program;

23 “(4) Coordination of all related plans and activities

1 of the State and local governments and agencies con-
2 cerned; and

3 “(5) Preparation of regulatory and administrative
4 measures in support of the foregoing.”

90TH CONGRESS
1ST SESSION

H. R. 5523

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 1967

Mrs. DWYER introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of certain reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

J. 65-001-M—1

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act be cited as the “Intergovernmental Coopera-
4 tion Act of 1967.”

5 **TITLE I—DEFINITIONS**

6 When used in this Act—

7 **FEDERAL AGENCY**

8 SEC. 101. The term “Federal agency” means any de-
9 partment, agency, or instrumentality in the executive branch
10 of the Government and any wholly owned Government cor-
11 poration; and for the purposes of title VIII, the Architect
12 of the Capitol.

13 **STATE**

14 SEC. 102. The term “State” means any of the several
15 States of the United States, the District of Columbia, Puerto
16 Rico, any territory or possession of the United States, or any
17 agency or instrumentality of a State, but does not include
18 the governments of the political subdivisions of the State.
19 For the purpose of titles VIII and IX, the term “State”
20 does include such political subdivision.

21 **POLITICAL SUBDIVISION OR LOCAL GOVERNMENT**

22 SEC. 103. The term “political subdivision” or “local
23 government” means a local unit of government, including
24 specifically a county, municipality, city, town, township, or

1 a school or other special district created by or pursuant to
2 State law.

3 UNIT OF GENERAL LOCAL GOVERNMENT

4 SEC. 104. "Unit of general local government" means
5 any city, county, town, parish, village, or other general-
6 purpose political subdivision of a State.

7 SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

8 SEC. 105. "Special-purpose unit of local government"
9 means any special district, public-purpose corporation, or
10 other strictly limited-purpose political subdivision of a State,
11 but shall not include a school district.

12 GRANT OR GRANT-IN-AID

13 SEC. 106. The term "grant" or "grant-in-aid" means
14 money, or property provided in lieu of money, paid or fur-
15 nished by the United States under a fixed annual or aggre-
16 gate authorization—

17 (A) to a State; or

18 (B) to a political subdivision of a State; or

19 (C) to a beneficiary under a State-administered plan
20 or program which is subject to approval by a Federal
21 agency;

22 if such authorization either (i) requires the States or politi-
23 cal subdivisions to expend non-Federal funds as a condition
24 for the receipt of money or property from the United States;

1 or (ii) specifies directly, or establishes by means of a for-
2 mula, the amounts which may be paid or furnished to States
3 or political subdivisions, or the amounts to be allotted for
4 use in each of the States by the States, political subdivisions,
5 or other beneficiaries. The term does not include (1) shared
6 revenues; (2) payments of taxes; (3) payments in lieu of
7 taxes; (4) loans or repayable advances; (5) surplus prop-
8 erty or surplus agricultural commodities furnished as such;
9 (6) payments under research and development contracts or
10 grants which are awarded directly and on similar terms to
11 all qualifying organizations, whether public or private; or
12 (7) payments to States or political subdivisions as full reim-
13 bursement for the costs incurred in paying benefits or fur-
14 nishing services to persons entitled thereto under Federal
15 laws.

16 **FEDERAL FINANCIAL ASSISTANCE**

17 **SEC. 107.** The term "Federal financial assistance" does
18 not include any annual payment by the United States to
19 the District of Columbia authorized by article VI of the
20 District of Columbia Revenue Act of 1947 (D.C. Code, secs.
21 47-2501a and 47-2501b).

22 **SPECIALIZED OR TECHNICAL SERVICES**

23 **SEC. 108.** "Specialized or technical services" means
24 statistical and other studies and compilations, development
25 projects, technical tests and evaluations, technical informa-

1 tion, training activities, surveys, reports, documents, and
2 any other similar service functions which any department or
3 agency of the executive branch of the Federal Government is
4 especially equipped and authorized by law to perform.

5 COMPREHENSIVE PLANNING

6 SEC. 109. "Comprehensive planning", except in title
7 VII, includes the following, to the extent directly related
8 to area needs or needs of a unit of general local government:
9 (A) preparation, as a guide for long-range development, of
10 general physical plans with respect to the pattern and in-
11 tensity of land use and the provision of public facilities, in-
12 cluding transportation facilities; (B) programing of cap-
13 ital improvements based on a determination of relative
14 urgency; (C) long-range fiscal plans for implementing such
15 plans and programs; and (D) proposed regulatory and ad-
16 ministrative measures which aid in achieving coordination
17 of all related plans of the departments or subdivisions of the
18 governments concerned and intergovernmental coordination
19 of related planned activities among the State and local gov-
20 ernmental agencies concerned.

21 URBAN DEVELOPMENT

22 SEC. 110. "Urban development" means all projects or
23 programs for the acquisition, use, and development of open-
24 space land; and the planning and construction of hospitals,
25 libraries, airports, water supply and distribution facilities,

1 sewerage facilities and waste treatment works, transportation
2 facilities, highways, water development and land conserva-
3 tion, and other public works facilities.

4 STATE AGENCY

5 SEC. 111. For the purposes of titles VIII and IX, the
6 term "State agency" means any agency or instrumentality
7 created by a State, or by a political subdivision of a State
8 or by agreement between two or more States or by two or
9 more political subdivisions of a State or States.

10 HEAD OF AGENCY

11 SEC. 112. The term "head of a Federal agency" or
12 "head of a State agency" includes a duly designated delegate
13 of such agency head.

14 DISPLACED PERSON

15 SEC. 113. The term "displaced person" means—

16 (1) any person who is the owner of a business
17 which moves from real property or is discontinued on
18 or after the effective date of this Act as a result of the
19 acquisition or reasonable expectation of acquisition of
20 such real property, in whole or in part, by a Federal or
21 State agency;

22 (2) any person who is the farm operator of a farm
23 operation which moves from real property or is discon-
24 tinued on or after the effective date of this Act as a result
25 of the acquisition or reasonable expectation of acquisition

1 of such real property, in whole or in part, by a Federal
2 or State agency;

3 (3) any individual who is the head of a family
4 which moves from real property occupied as a dwelling
5 on or after the effective date of this Act as a result of
6 the acquisition or reasonable expectation of acquisition
7 of such real property, in whole or in part, by a Federal
8 or State agency, or which moves from such dwelling as
9 a result of the acquisition or reasonable expectation of
10 acquisition, by such Federal or State agency, of other
11 real property on which such family conducts a business
12 or farm operation;

13 (4) any individual, not a member of a family, who
14 moves from real property occupied as a dwelling on or
15 after the effective date of this Act, as a result of the
16 acquisition or reasonable expectation of acquisition of
17 such real property, in whole or in part, by a Federal or
18 State agency, or who moves from such dwelling as a
19 result of the acquisition or reasonable expectation of
20 acquisition or reasonable expectation of acquisition of
21 real property on which such individual conducts a busi-
22 ness or farm operation; and

23 (5) any individual, not described in paragraph
24 (1), (2), (3), or (4) of this section, who moves his
25 personal property from real property on or after the

1 effective date of this Act as a result of the acquisition
2 or reasonable expectation of acquisition of such real
3 property, in whole or in part, by a Federal or State
4 agency: *Provided*, That this shall not include the owner
5 of property on the premises of another under a lease
6 or licensing arrangement where such owner is required
7 pursuant to such lease or license to move such property
8 at his own expense.

9 BUSINESS

10 SEC. 114. The term "business" means any lawful activ-
11 ity conducted primarily (1) for the purchase and resale of
12 products, commodities, or any other personal property; (2)
13 for the manufacture, processing, or marketing of any such
14 property; (3) for the sale of services to the public; or (4)
15 by a nonprofit organization. Such term does not include
16 the activity of an investor in acquiring or holding real prop-
17 erty for resale for gain.

18 FARM OPERATION

19 SEC. 115. The term "farm operation" means any activ-
20 ity conducted solely or primarily for the production of one
21 or more agricultural products or commodities for sale and
22 home use, and customarily producing such products or com-
23 modities in sufficient quantity to be capable of contributing
24 materially to the operator's support.

1 FARM OPERATOR

2 SEC. 116. The term "farm operator" means any owner,
3 part owner, tenant, or sharecropper who operates a farm.

4 FAMILY

5 SEC. 117. The term "family" means two or more indi-
6 viduals living together in the same dwelling unit who are
7 related to each other by blood, marriage, or adoption.

8 ELDERLY INDIVIDUAL

9 SEC. 118. The term "elderly individual" means a per-
10 son, not a member of a family, who is sixty-two years of age
11 or over.

12 HANDICAPPED INDIVIDUAL

13 SEC. 119. The term "handicapped individual" means a
14 person, not a member of a family, who is handicapped within
15 the meaning of section 202 of the Housing Act of 1959.

16 DISPLACED

17 SEC. 120. The term "displaced", when used in relation
18 to any person, means any person moved or to be moved from
19 real property on or after the effective date of this Act as a
20 result of the acquisition or reasonable expectation of acquisi-
21 tion of such property for a public improvement constructed
22 or developed by or with funds provided in whole or in part
23 by the Federal Government.

1 OWNER AND PERSON

2 SEC. 121. The terms "owner" and "person" mean any
3 individual, and any partnership, corporation, or association.

4 TITLE II—IMPROVED ADMINISTRATION OF
5 GRANTS-IN-AID TO THE STATES

6 FULL INFORMATION ON FUNDS RECEIVED

7 SEC. 201. Any department or agency of the United
8 States Government which administers a program of grants-
9 in-aid to any of the State governments of the United States
10 shall, upon request, notify in writing the Governor or other
11 official designated by him, or the State legislature, of the
12 purpose and amounts of actual grants-in-aid to the State.

13 DEPOSIT OF GRANTS-IN-AID

14 SEC. 202. No grant-in-aid to a State shall be required by
15 Federal law to be deposited in a separate bank account apart
16 from other funds administered by the State. All Federal
17 grant-in-aid funds made available to the States shall be prop-
18 erly accounted for as Federal funds in the accounts of the
19 State. In each case the State agency concerned shall render
20 regular authenticated reports to the appropriate Federal
21 agency covering the status and the application of the funds,
22 the liabilities and obligations on hand, and such other facts as
23 may be required by said Federal agency.

1 SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

2 SEC. 203. Heads of Federal departments and agencies
3 responsible for administering grant-in-aid programs shall
4 schedule the transfer of grant-in-aid funds consistent with pro-
5 gram purposes and applicable Treasury regulations, so as to
6 minimize the time elapsing between the transfer of such funds
7 from the United States Treasury and the disbursement thereof
8 by a State, whether such disbursement occurs prior to or sub-
9 sequent to such transfer of funds. States shall not be held
10 accountable for interest earned on grant-in-aid funds, pend-
11 ing their disbursement for program purposes.

12 ELIGIBLE STATE AGENCY

13 SEC. 204. Notwithstanding any other Federal law which
14 provides that a single State agency or multimember board or
15 commission must be established or designated to administer or
16 supervise the administration of any grant-in-aid program, the
17 head of any Federal department or agency may, upon request
18 of the Governor or other appropriate executive or legislative
19 authority of the State responsible for determining or revising
20 the organizational structure of State government, waive the
21 single State agency or multimember board or commission
22 provision upon adequate showing that such provision pre-
23 vents the establishment of the most effective and efficient

1 organizational arrangements within the State government and
2 approve other State administrative structure or arrange-
3 ments: *Provided*, That the head of the Federal department
4 or agency determines that the objectives of the Federal
5 statute authorizing the grant-in-aid program will not be en-
6 dangered by the use of such other State structure or
7 arrangements.

8 TITLE III—PERMITTING FEDERAL DEPART-
9 MENTS AND AGENCIES TO PROVIDE SPE-
10 CIAL OR TECHNICAL SERVICES TO STATE
11 AND LOCAL UNITS OF GOVERNMENT

12 STATEMENT OF PURPOSE

13 SEC. 301. It is the purpose of this title to encourage
14 intergovernmental cooperation in the conduct of specialized
15 or technical services and provision of facilities essential to
16 the administration of State or local governmental activities,
17 many of which are nationwide in scope and financed in part
18 by Federal funds; to enable State or local governments to
19 avoid unnecessary duplication of special service functions;
20 and to authorize all departments and agencies of the execu-
21 tive branch of the Federal Government which do not have
22 such authority to provide specialized or technical services
23 to State and local governments.

1 AUTHORITY TO PROVIDE SERVICE

2 SEC. 302. The Secretary of any department or the ad-
3 ministrative head of any agency of the executive branch of
4 the Federal Government is authorized within his discretion,
5 upon written request from a State or political subdivision
6 thereof, to provide specialized or technical services, upon
7 payment, to the department or agency by the unit of govern-
8 ment making the request, of salaries and other identifiable
9 direct and indirect costs of performing such services: *Pro-*
10 *vided, however,* That such services shall include only those
11 which the Director of the Bureau of the Budget through
12 rules and regulations determines Federal departments and
13 agencies have special competence to provide. Such rules
14 and regulations shall be consistent with and in furtherance
15 of the Government's policy of relying on the private enter-
16 prise system to provide those services which are reasonably
17 and expeditiously available through ordinary business
18 channels.

19 REIMBURSEMENT OF APPROPRIATION

20 SEC. 303. All moneys received by any department or
21 agency of the executive branch of the Federal Government,
22 or any bureau or other administrative division thereof, in
23 payment for furnishing specialized or technical services as

1 authorized under section 302 shall be deposited to the credit
2 of the principal appropriation from which the cost of pro-
3 viding such services has been paid or is to be charged, or to
4 the appropriation currently available for the cost of similar
5 services.

6 REPORTS TO CONGRESS

7 SEC. 304. The Secretary of any department or the ad-
8 ministrative head of any agency of the executive branch of
9 the Federal Government shall furnish annually to the re-
10 spective Committees on Government Operations of the Sen-
11 ate and House of Representatives a summary report on the
12 scope of the services provided under the administration of
13 this title.

14 RESERVATION OF EXISTING AUTHORITY

15 SEC. 305. This title is in addition to and does not super-
16 sede any existing authority now possessed by any Federal
17 department or agency with respect to furnishing services,
18 whether on a reimbursable or nonreimbursable basis, to
19 State and local units of government.

20 TITLE IV—COORDINATED INTERGOVERNMEN- 21 TAL POLICY AND ADMINISTRATION OF 22 GRANTS FOR URBAN DEVELOPMENT

23 DECLARATION OF URBAN ASSISTANCE POLICY

24 SEC. 401. (a) The economic and social development
25 of the Nation, its strength in world affairs and the achieve-

1 ment of satisfactory levels of living depend in large degree
2 upon the sound and orderly development of urban communi-
3 ties. In pursuit of this basic objective, the President shall
4 establish rules and regulations for uniform application in the
5 formulation, evaluation, and review of urban development
6 programs and projects for the provision of federally aided
7 urban facilities, and Federal projects having a significant
8 impact on the development of urban and urbanizing com-
9 munities. Such rules and regulations shall provide for full
10 consideration of the concurrent achievement of the following
11 specific objectives of urban development, and, to the extent
12 authorized by law, reasoned choices shall be made between
13 such objectives when they conflict:

14 (1) Appropriate land uses for residential, com-
15 mercial, industrial, governmental, institutional, and other
16 purposes;

17 (2) Wise development and conservation of natural
18 resources, including land, water, minerals, wildlife, and
19 others;

20 (3) Balanced transportation systems, including
21 highway, air, water, pedestrian, mass transit, and other
22 modes for the movement of people and goods;

23 (4) Adequate outdoor recreation and open space;

24 (5) Protection of areas of unique natural beauty,
25 historical and scientific interests;

1 (6) Properly planned community facilities, includ-
2 ing utilities for the supply of power, water, and com-
3 munications, of the safe disposal of wastes, and for other
4 purposes;

5 (7) Any other objective through which urban de-
6 velopment activities can contribute to the economic,
7 social, and cultural development of the Nation, its
8 strength in world affairs, and the achievement of en-
9 hanced levels of living; and

10 (8) Concern for a high standard of design.

11 (b) All viewpoints—national, regional, State, and
12 local—shall, to the extent possible, be fully considered and
13 taken into account in planning urban development programs
14 and projects. Regional, State, and local government objec-
15 tives shall be considered and evaluated within a framework of
16 national public objectives, and available projections of future
17 national conditions and needs of regions, States, and localities
18 shall be considered in plan formulation, evaluation, and
19 review.

20 (c) To the maximum extent possible, consistent with
21 national objectives, all Federal aid for urban development
22 purposes shall be consistent with and further the objectives of
23 State and local government comprehensive planning for
24 urban development. Consideration shall be given to all devel-

1 opmental aspects of the total urban community, including but
2 not limited to housing, transportation, economic development,
3 natural resources development, community facilities, and the
4 general improvement of living environments.

5 (d) Each Federal department and agency administering
6 an urban development aid program shall, to the maximum
7 extent practicable, consult with and seek advice from all other
8 significantly affected Federal departments and agencies in an
9 effort to assure fully coordinated programs.

10 (e) Insofar as possible, systematic planning required
11 by individual Federal programs (such as highway construc-
12 tion, urban renewal, and open space) shall be coordinated
13 with and made part of comprehensive local and areawide
14 urban development planning.

15 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

16 SEC. 402. Where Federal law provides that both special-
17 purpose units of local government and units of general local
18 government are eligible to receive loans or grants-in-aid for
19 urban development, heads of Federal departments and agen-
20 cies shall, in the absence of substantial reasons to the con-
21 trary, make such loans or grants-in-aid for urban development
22 to units of general local government rather than to special-
23 purpose units of local government.

1 RULES AND REGULATIONS

2 SEC. 403. The Bureau of the Budget or such other
3 agency as may be designated by the President is hereby
4 authorized to prescribe such rules and regulations as are
5 deemed appropriate for the effective administration of this
6 title.

7 TITLE V—CONGRESSIONAL REVIEW OF FED-
8 ERAL GRANTS-IN-AID TO STATES AND TO
9 LOCAL UNITS OF GOVERNMENT

10 STATEMENT OF PURPOSE

11 SEC. 501. It is the purpose and intent of this title to
12 establish a uniform policy and procedure whereby programs
13 for grant-in-aid assistance from the Federal Government to
14 the States or political subdivisions which may be enacted
15 hereafter by the Congress shall be made the subject of suf-
16 ficient subsequent review by the Congress to insure that
17 (1) the effectiveness of grants-in-aid as instruments of
18 Federal-State-local cooperation is improved and enhanced;
19 (2) grant programs are revised and redirected as necessary
20 to meet new conditions arising subsequent to their original
21 enactment; and (3) grant programs are terminated when
22 they have substantially achieved their purpose.

23 EXPIRATION OF GRANT-IN-AID PROGRAMS

24 SEC. 502. Where any Act of Congress enacted in the
25 Ninety-first or any subsequent Congress authorizes the mak-

1 ing of grants-in-aid in two or more States or to political
2 subdivisions of two or more States and no expiration date for
3 such authority is specified by law, then the authority to
4 make grants-in-aid by reason of such Act to States, political
5 subdivisions, and other beneficiaries from funds not thereto-
6 fore obligated shall expire not later than June 30 of the fifth
7 calendar year which begins after the effective date of such
8 Act.

9 COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

10 SEC. 503. Where any Act of Congress enacted in the
11 Ninety-first or any subsequent Congress authorizes the mak-
12 ing of grants-in-aid over a period of three or more years to
13 two or more States or to political subdivisions of two or more
14 States, then during the period beginning not later than
15 twelve months immediately preceding the date on which
16 such authority is to expire, the committees of the House and
17 of the Senate to which legislation extending such authority
18 would be referred shall, separately or jointly, conduct studies
19 of the program under which such grants-in-aid are made
20 with a view to ascertaining, among other matters of concern
21 to the committees, the following:

- 22 (1) The extent to which the purposes for which
23 the grants-in-aid are authorized have been met;
24 (2) The extent to which such programs can be

1 carried on without further financial assistance from the
2 United States; and

3 (3) Whether or not any changes in purpose, direc-
4 tion, or administration of the original program, or in
5 procedures and requirements applicable thereto should
6 be made.

7 Each such committee shall report the results of its investiga-
8 tion and study to its respective House not later than one
9 hundred and twenty days before such authority is due to
10 expire.

11 TITLE VI—CONSOLIDATION OF GRANT-IN-AID 12 PROGRAMS

13 STATEMENT OF PURPOSE

14 SEC. 601. (a) The President shall from time to time
15 examine the various programs of grants-in-aid provided by
16 law and shall determine what consolidations are necessary
17 or desirable—

18 (1) to promote the better execution and efficient
19 management of individual grant programs within the
20 same functional area,

21 (2) to provide better coordination among individual
22 grant programs within the same functional area, or

23 (3) to promote more efficient planning and use by
24 the recipients of grants under programs within the same
25 functional area.

1 (b) The Congress declares that the public interest de-
2 mands the carrying out of the purposes of subsection (a)
3 and that the purposes may be accomplished in great measure
4 by proceeding under this title, and can be accomplished
5 more speedily thereby than by the enactment of specific
6 legislation.

7 PREPARATION AND TRANSMITTAL OF PLAN

8 SEC. 602. (a) When the President, after investigation,
9 finds that a consolidation of individual grant-in-aid programs
10 within the same functional area is necessary or desirable to
11 accomplish one or more of the purposes set forth in section
12 601 (a), he shall prepare a grant consolidation plan for the
13 making of such consolidation, and shall transmit such plan
14 (bearing an identification number) to the Congress, to-
15 gether with a declaration that with respect to each individual
16 program consolidated under such plan, he has found that the
17 consolidation is necessary or desirable to accomplish one or
18 more of the purposes set forth in section 601 (a). Each such
19 consolidation plan so transmitted—

20 (1) shall place responsibility in a single agency
21 for administration of the consolidated program, and

22 (2) shall specify in detail the formula or formulas
23 for the making of grants under the consolidated program,
24 and shall set forth the differences between such formula

1 or formulas and the formula for making grants under
2 each of the individual programs consolidated under such
3 plan.

4 (b) Each grant consolidation plan shall provide for
5 only one consolidation of individual grant programs.

6 (c) The President shall have a grant consolidation plan
7 delivered to both Houses on the same day and to each House
8 while it is in session. An interval of forty-five calendar
9 days of continuous session of the Congress shall pass after
10 the date on which such a plan is transmitted before another
11 may be delivered.

12 CONGRESSIONAL CONSIDERATION

13 SEC. 603. (a) Except as otherwise provided in subsec-
14 tion (c), a grant consolidation plan shall become effective
15 at the end of ninety calendar days of continuous session of
16 the Congress after the date on which the plan is transmitted
17 to it unless, between the date of transmittal and the end of
18 the ninety-day period, either House passes a resolution stat-
19 ing in substance that the House does not favor the grant
20 consolidation plan.

21 (b) For purposes of subsection (a) and section 502

22 (c) —

1 (1) continuity of session is broken only by an ad-
2 journalment of the Congress sine die, and

3 (2) the days on which either House is not in ses-
4 sion because of an adjournment of more than three days
5 to a day certain shall be excluded in the computation
6 of the ninety-day period.

7 (c) Under provisions contained in a grant consolida-
8 tion plan, a provision of such plan may become effective at
9 a time later than the date on which such plan becomes
10 effective under subsection (a).

11 (d) A grant consolidation plan which becomes effective
12 shall be printed (1) in the Statutes at Large in the same
13 volume as the public laws and (2) in the Federal Register.

14 SEC. 604. (a) This section is enacted by the Congress—

15 (1) as an exercise of the rulemaking power of the
16 Senate and the House of Representatives, respectively,
17 and as such it is deemed a part of the rules of each House,
18 respectively, but applicable only with respect to the
19 procedure to be followed in that House in the case of
20 resolutions described in subsection (b); and it super-
21 sedes other rules only to the extent that it is inconsistent
22 therewith; and

21 EXPIRATION DATE

1 TITLE VII—ACQUISITION, USE, AND DISPOSITION
2 OF LAND WITHIN URBAN AREAS BY FED-
3 ERAL AGENCIES IN CONFORMITY WITH
4 LAND UTILIZATION PROGRAMS OF AF-
5 FECTED LOCAL GOVERNMENT

6 AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE
7 SERVICES ACT

8 SEC. 701. The Federal Property and Administrative
9 Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is
10 amended by adding at the end thereof a new title as follows:

11 “TITLE VIII—URBAN LAND UTILIZATION

12 “SHORT TITLE

13 “SEC. 801. This title may be cited as the ‘Federal
14 Urban Land-Use Act’.

15 “DECLARATION OF PURPOSE AND POLICY

16 “SEC. 802. It is the purpose of this title to promote more
17 harmonious intergovernmental relations by prescribing uni-
18 form policies and procedures whereby the Administrator shall
19 acquire, use, and dispose of land in urban areas in order that
20 urban land transactions entered into for the General Services
21 Administration or on behalf of other Federal agencies shall,
22 to the greatest extent practicable, be consistent with zoning
23 and land-use practices and shall be made to the greatest ex-

1 tent in accordance with planning and development objectives
2 of the local governments and local planning agencies
3 concerned.

4 "DISPOSAL OF URBAN LANDS

5 "SEC. 803. (a) Whenever the Administrator contem-
6 plates the disposal for or on behalf of any Federal agency of
7 any real property situated within an urban area, he shall,
8 prior to offering such land for sale, give reasonable notice
9 to the head of the governing body of the unit of general local
10 government having jurisdiction over zoning and land-use
11 regulation in the geographical area within which the land or
12 lands are located in order to afford the government the op-
13 portunity of zoning for the use of such land in accordance
14 with local comprehensive planning.

15 "(b) The Administrator, to the greatest practicable
16 extent, shall furnish to all prospective purchasers of such
17 real property, full and complete information concerning—

18 "(1) current zoning regulations and prospective
19 zoning requirements and objectives for such property
20 when it is unzoned; and

21 "(2) current availability to such property of streets,
22 sidewalks, sewers, water, street lights, and other service
23 facilities and prospective availability of such services if
24 such property is included in comprehensive planning.

1 "ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

2 "SEC. 804. (a) To the extent practicable, prior to a
3 commitment to acquire any real property situated in an
4 urban area, the Administrator shall notify the unit of gen-
5 eral local government exercising zoning and land-use juris-
6 diction over the land proposed to be purchased of his intent
7 to acquire such land and the proposed use of the property.
8 In the event that the Administrator determines that such
9 advance notice would have an adverse impact on the pro-
10 posed purchase, he shall, upon conclusion of the acquisition,
11 immediately notify such local government of the acquisition
12 and the proposed use of the property.

13 "(b) In the acquisition or change of use of any real
14 property situated in an urban area as a site for public build-
15 ing, the Administrator shall, to the extent he determines
16 practicable—

17 "(1) consider all objections made to any such ac-
18 quisition or change use by such unit of government upon
19 the ground that the proposed acquisition of use conflicts
20 or would conflict with the zoning regulations or plan-
21 ning objectives of such units; and

22 "(2) comply with and conform to such regulations
23 of the unit of general local government having jurisdic-
24 tion with respect to the area within which such property

1 is situated and the planning and development objectives
2 of such local government.

3 "SEC. 805. The procedures prescribed in sections 803
4 and 804 may be waived during any period of national emer-
5 gency proclaimed by the President.

6 "DEFINITIONS

7 "SEC. 806. As used in this title—

8 "(a) 'Unit of general local government' means any
9 city, county, town, parish, village, or other general-purpose
10 political subdivision of a State.

11 "(b) 'Urban area' means—

12 "(1) any geographical area within the jurisdiction
13 of any incorporated city, town, borough, village, or other
14 unit of general local government, except county or par-
15 ish, having a population of ten thousand or more
16 inhabitants;

17 "(2) that portion of the geographical area within
18 the jurisdiction of any county, town, township, or similar
19 governmental entity which contains no incorporated
20 unit of general local government but has a population
21 density equal to or exceeding one thousand five hundred
22 inhabitants per square mile; and

23 "(3) that portion of any geographical area having
24 a population density equal to or exceeding one thousand

1 five hundred inhabitants per square mile and situated
2 adjacent to the boundary of any incorporated unit of
3 general local government which has a population of
4 ten thousand or more inhabitants.

5 “(c) ‘Comprehensive planning’ includes the following,
6 to the extent directly related to the needs of a unit of general
7 local government:

8 “(1) preparation, as a guide for long-range develop-
9 ment, of general physical plans with respect to the pat-
10 tern and intensity of land use and the provision of public
11 facilities including transportation facilities, together with
12 long-range fiscal plans for such development;

13 “(2) programing of capital improvements based
14 on a determination of relative urgency, together with
15 definitive financing plans for the improvement to be con-
16 structed in the earlier years of the program;

17 “(3) coordination of all related plans of the depart-
18 ment or subdivisions of the government concerned;

19 “(4) intergovernmental coordination of related
20 planning activities among the State and local govern-
21 mental agencies concerned; and

22 “(5) preparation of regulatory and administrative
23 measures in support of the foregoing.”

1 TITLE VIII—UNIFORM RELOCATION
2 ASSISTANCE

3 DECLARATION OF POLICY

4 SEC. 801. The purpose of this Act is to establish a
5 uniform policy for the fair and equitable treatment of own-
6 ers, tenants, and other persons displaced by the acquisition
7 of real property in Federal and federally assisted programs.
8 Such a policy shall be as uniform as practicable as to (1)
9 relocation payments, (2) advisory assistance, (3) assur-
10 ance of availability of standard housing, and (4) Federal
11 reimbursement for relocation payments under federally as-
12 sisted programs.

13 PART A.—FEDERAL PROGRAMS

14 RELOCATION PAYMENTS

15 SEC. 802. (a) If the head of any Federal agency ac-
16 quires real property for public use in a State he shall make
17 fair and reasonable relocation payments to displaced persons
18 in accordance with the regulations established by the Presi-
19 dent under section 805 of this Act.

20 (b) If any displaced person who moves or discontinues
21 his business elects to accept the payment authorized by this
22 subsection in lieu of the payment authorized for such business
23 by subsection (a) of this section, the head of such Federal
24 agency shall make a fixed relocation payment to such per-
25 son in an amount equal to the average annual net earnings

1 of the business, or \$5,000, whichever is the lesser. No pay-
2 ment shall be made under this subsection unless the head of
3 such agency is satisfied that the business (1) cannot be
4 relocated without a substantial loss of its existing patronage,
5 and (2) is not part of a commercial enterprise having at
6 least one other establishment, not being acquired by the
7 United States, which is engaged in the same or similar busi-
8 ness. For purposes of this subsection, the term "average
9 annual net earnings" means one-half of any net earnings of
10 the business, before Federal, State, and local income taxes,
11 during the two taxable years immediately preceding the
12 taxable year in which such business moves from the real
13 property acquired by the United States and includes any
14 compensation paid by the business to the owner, his spouse,
15 or his dependent children during such two-year period. Such
16 earnings and compensation shall be established by Federal
17 income tax returns filed by such business and its owner and
18 his spouse and dependent children for such two taxable years.

19 (c) If any displaced person who moved from a dwelling
20 elects to accept the payments authorized by this subsection in
21 lieu of the payments authorized by subsection (a) of this sec-
22 tion for moving from such dwelling, the head of such Federal
23 agency shall make the following fixed relocation payments to
24 such person:

25 (1) A moving expense allowance, determined ac-

1 cording to a schedule established by the head of such
2 agency, not to exceed \$200;

3 (2) A dislocation allowance equal to the amount
4 paid under paragraph (1) of this subsection or \$100,
5 whichever is the lesser; and

6 (3) An additional payment of \$300 if the displaced
7 person purchases a dwelling for the purpose of residence
8 within one year from the date of actual displacement
9 except that such displaced person shall only be eligible
10 for payment under this subsection when the dwelling
11 purchased is situated upon real estate in which such per-
12 son acquires fee title, life estate, ninety-nine-year lease,
13 or other type of long-term lease equivalent to fee owner-
14 ship.

15 (d) If any displaced person who moves or discontinues
16 a farm operation elects to accept the payment authorized by
17 this subsection in lieu of the payment authorized for such
18 operation by subsection (a) of this section, the head of such
19 Federal agency shall make a fixed relocation payment to such
20 person in the amount of \$1,000. In the case where the entire
21 farm operation is not acquired by such Federal agency, the
22 payment authorized by this subsection shall be made only if
23 the head of such agency determines that the remainder prop-
24 erty is no longer an economic unit.

25 (e) (1) In addition to any amount under subsections

1 (a), (b), (c), and (d) of this section, the head of such
2 Federal agency may pay to or on behalf of any displaced
3 family, displaced elderly individual, or displaced handicapped
4 individual, monthly payments over a period not to exceed
5 twenty-four months in an amount not to exceed \$500 in
6 the first twelve months and \$500 in the second twelve
7 months to assist such displaced family or individual to secure
8 a decent, safe, and sanitary dwelling. Subject to the limi-
9 tation imposed by the preceding sentence, the additional
10 payment shall be an amount which, when added to 20 per
11 centum of the annual income of the displaced individual
12 or family at the time of displacement, equals the average
13 annual rental required for such a decent, safe, and sanitary
14 dwelling of modest standards adequate in size to accom-
15 modate the displaced individual or family in areas not gen-
16 erally less desirable in regard to public utilities and public
17 and commercial facilities: *Provided*, That such payment
18 shall be made only to an individual or family who is unable
19 to secure a dwelling unit in a low-rent housing project
20 assisted under the United States Housing Act of 1937, or
21 under a State or local program found by the Secretary of
22 Housing and Urban Development to have the same gen-
23 eral purposes as the Federal program under such Act, or
24 a dwelling unit assisted under section 101 of the Housing and
25 Urban Development Act of 1965.

1 (2) The Secretary of Housing and Urban Develop-
2 ment shall make the determinations under this subsection on
3 the amount of assistance according to family size, family or
4 individual income, average rents required, or similar con-
5 siderations for all agencies making such payments.

6 (3) The additional payments under this subsection may
7 be paid on a lump sum or other than monthly basis in cases
8 in which the small size of the payments that would other-
9 wise be required do not warrant a number of separate pay-
10 ments or in other cases in which other than monthly pay-
11 ments are determined warranted by the head of the Federal
12 agency.

13 (4) No payment received under this subsection shall
14 be considered as income for the purpose of determining the
15 eligibility or the extent of eligibility of any person for assist-
16 ance under the Social Security Act or any other Federal Act.

17 (f) All functions performed under this section shall be
18 subject to the operation of the Act of June 11, 1946 (60
19 Stat. 237), as amended (5 U.S.C. 1001-1011). Any dis-
20 placed person adversely affected or aggrieved by the opera-
21 tion of this section after the effective date of this Act may
22 institute in the district court of the United States for the
23 judicial district in which such claimant resides or in which
24 such claim first arose an action for the review of such deter-
25 mination. Upon the filing of such action, such court shall

1 have jurisdiction to hear and determine such action and to
2 enter therein such judgment, decree, or order as it shall deem
3 appropriate and may modify such determination upon a
4 showing that such determination was arbitrary, capricious,
5 or in violation of standards applicable to such determinations
6 in similar cases.

7 RELOCATION ASSISTANCE PROGRAMS

8 SEC. 803. (a) If the head of any Federal agency ac-
9 quires real property for public use in a State, he shall provide
10 a relocation assistance program for displaced persons which
11 shall offer the services described in subsection (c) of this
12 section. If the head of such agency determines that other
13 persons, occupying property adjacent to the real property
14 acquired, are caused substantial economic injury because of
15 the public improvement for which such property is acquired,
16 he may offer such persons relocation services under such
17 program.

18 (b) Federal agencies administering programs which
19 may be of assistance to displaced persons covered by this
20 Act shall cooperate to the maximum extent feasible with the
21 Federal or State agency causing the displacement to assure
22 that such displaced persons receive the maximum assistance
23 available to them.

24 (c) Each relocation assistance program required by
25 subsection (a) of this section shall include such measures,

1 facilities, or services as may be necessary or appropriate in
2 order (1) to determine the needs of displaced families, in-
3 dividuals, business concerns, and farm operators for relo-
4 cation assistance; (2) to assure that within a reasonable
5 period of time prior to displacement, there will be available,
6 in areas not generally less desirable in regard to public
7 utilities and public and commercial facilities and at rents or
8 prices within the financial means of the families and indi-
9 viduals displaced, decent, safe, and sanitary dwellings equal in
10 number to the number of, and available to, such displaced
11 families and individuals and reasonably accessible to their
12 places of employment, except that such assurance may be
13 waived during any period of national emergency proclaimed
14 by the President; (3) to assist owners of displaced businesses
15 and displaced farm operators in obtaining and becoming estab-
16 lished in suitable business locations or replacement farms;
17 (4) to supply information concerning the Federal Housing
18 Administration home acquisition program under section 221
19 (d) (2) of the National Housing Act, the small business
20 disaster loan program under section 7 (b) (3) of the Small
21 Business Act, and other programs offering assistance to dis-
22 placed persons; (5) to assist in minimizing hardships to dis-
23 placed persons in adjusting to relocation; and (6) to assure,
24 to the greatest extent practicable, the coordination of reloca-
25 tion activities with other project activities and other planned

1 or proposed governmental actions in the community or
2 nearby areas which may affect the carrying out of the relo-
3 cation program.

4 (d) Paragraph (3) of section 7 (b) of the Small Busi-
5 ness Act is amended to read as follows:

6 " (3) to make such loans (either directly or in
7 cooperation with banks or other lending institutions
8 through agreements to participate on an immediate or
9 deferred basis) as the Administration may determine to
10 be necessary or appropriate to assist any small business
11 concern in continuing in business at its existing location,
12 in reestablishing its business, in purchasing a business,
13 or in establishing a new business, if the Administration
14 determines that such concern has suffered substantial
15 economic injury as the result of its displacement by, or
16 location in, adjacent to, or near, a federally aided urban
17 renewal project or highway construction program or any
18 other public improvement program conducted by or
19 with funds provided in whole or in part by the Federal
20 Government or by the States; and the purpose of a
21 loan made pursuant to such project or program may, in
22 the discretion of the Administration, include the purchase
23 or construction of other premises whether or not the
24 borrower owned the premises occupied by the business
25 and,".

1 STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

2 SEC. 804. Whenever real property is acquired by a
3 State agency for a Federal public improvement project, such
4 acquisition shall, for purposes of this Act, be deemed an ac-
5 quisition by the Federal agency having authority over such
6 project and such Federal agency shall make relocation pay-
7 ments, provide relocation assistance, and provide assurance
8 of availability of housing as required in the case of acquisi-
9 tions of real property by a Federal agency.

10 AUTHORITY OF THE PRESIDENT

11 SEC. 805. (a) To carry into effect the provisions of this
12 title, the President is authorized to make such rules and reg-
13 ulations as he may determine to be necessary to assure—

14 (1) that relocation payments authorized by section
15 802 shall be fair and reasonable and as uniform as
16 practicable;

17 (2) that a displaced person who makes proper
18 application for a relocation payment authorized for such
19 person by section 802 (a) shall be reimbursed for or
20 paid—

21 (A) his actual and reasonable expenses in
22 moving himself, his family, his business, farm op-
23 eration, or other personal property, and in the case
24 of a farm operation, for his actual and reasonable
25 expenses in searching for a replacement farm;

1 (B) if he disposes of personal property on
2 moving his business or farm operation and replaces
3 such property at the new location, an amount equal
4 to the reasonable expenses that would have been
5 required in moving such personal property to the
6 new location; and

7 (C) such other expenses authorized by section
8 802 (a) as may be provided for in regulations issued
9 under this section;

10 (3) that a displaced person who makes proper
11 application for a relocation payment authorized for such
12 person by this title shall be paid promptly after a move
13 or, in certain hardship cases, the President may, by regu-
14 lation, authorize advance payment of certain relocation
15 costs;

16 (4) that any person aggrieved by a determination
17 as to eligibility for a relocation payment authorized by
18 this title, or the amount of a payment, may have his ap-
19 plication reviewed by the head of the agency; and

20 (5) that a displaced person shall have a reasonable
21 time in which to apply for a relocation payment author-
22 ized by this title.

23 (b) The President may, by regulation, establish a lim-
24 itation on the amount of a relocation payment authorized by
25 section 802 (a) with due consideration for the declaration of

1 policy in this title and the provisions of subsection (a) of this
2 section and section 807 (b) .

3 (c) In order to prevent unnecessary expense and dupli-
4 cation of functions, and to promote uniform and effective
5 administration of relocation assistance programs for displaced
6 persons, the President is authorized to require that any Fed-
7 eral agency make relocation payments or provide relocation
8 services, or otherwise carry out its functions under this title,
9 by utilizing the facilities, personnel, and services of any other
10 Federal agency, or by entering into appropriate contracts or
11 agreements with any State agency having an established
12 organization for conducting relocation assistance programs.

13 (d) The President may make such other rules and regu-
14 lations consistent with the provisions of this title as he deems
15 necessary or appropriate to carry out this title.

16 FUND AVAILABILITY

17 SEC. 806. Funds appropriated or otherwise available to
18 any Federal agency for the acquisition of real property or
19 any interest therein shall be available also for obligation and
20 expenditure to carry out the provisions of this title.

1 PART B.—FEDERALLY ASSISTED PROGRAMS

2 RELOCATION PAYMENTS AND ASSISTANCE: ASSURANCE

3 OF AVAILABILITY OF HOUSING

4 SEC. 807. (a) Notwithstanding any other provision of
5 law, on and after the effective date of this Act, no grant to,
6 or contract or agreement with a State agency, under which
7 Federal financial assistance will be available to pay the cost
8 in connection with the acquisition of real property or of a
9 public improvement for which real property is to be ac-
10 quired or as the result of which displacement will otherwise
11 occur, may be approved by the head of the Federal agency
12 responsible for the administration of such Federal financial
13 assistance unless such State agency has entered into an agree-
14 ment with the head of such Federal agency to provide to dis-
15 placed persons for moves from such real property—

16 (1) fair and reasonable relocation payments as
17 described in section 802 (a) of this title and in accord-
18 ance with regulations established by the President under
19 section 805 of this title;

20 (2) fixed or formula-based relocation payments in

1 the same amounts and under the same terms and condi-
2 tions as are required to be made by a Federal agency by
3 subsections 802 (b), (c), (d), and (e) of this title;

4 (3) relocation assistance programs offering the serv-
5 ices described in section 803 (c) of this title; and

6 (4) a feasible method for the temporary relocation
7 of families and individuals displaced from the property
8 acquired, and assurance that within a reasonable period
9 of time prior to displacement, there will be available in
10 areas not generally less desirable in regard to public
11 utilities and public and commercial facilities and at rents
12 or prices within the financial means of the families and
13 individuals displaced, decent, safe, and sanitary dwell-
14 ings equal in number to the number of and available to
15 such displaced families and individuals and reasonably
16 accessible to their places of employment.

17 (b) The cost to a State agency providing the payments
18 and services described in subsection (a) of this section may
19 be included as part of the cost of the project for which
20 Federal financial assistance is available to such State agency,
21 and such State agency shall be eligible for Federal financial
22 assistance with respect to such payments and services in the
23 same manner and to the same extent as with respect to other
24 project costs, except that the Federal agency providing such

1 assistance shall contribute the first \$25,000 of the cost of
2 providing a relocation payment to any displaced person.
3 However, no State agency need agree to make any relocation
4 payment in excess of \$25,000 to any displaced person in
5 order to receive the assistance authorized by the subsection.

6 (c) In order to prevent unnecessary expenses and
7 duplication of functions, and to promote uniform and effective
8 administration of relocation assistance programs for displaced
9 persons, any agreement by a State agency under subsection
10 (a) of this section shall provide that such agency may make
11 relocation payments or provide relocation assistance or other-
12 wise carry out its functions under this title by utilizing the
13 facilities, personnel, and services of any other State agency
14 having an established organization for conducting relocation
15 assistance programs.

16 (d) Any grant to, or contract or agreement with a
17 State agency executed before the effective date of this Act,
18 under which Federal financial assistance is available to pay
19 the cost in connection with the acquisition of real property,
20 or of the improvement for which such property is acquired,
21 may be amended to include an agreement as described in
22 subsection (a) of this section.

23 (e) If the head of a Federal agency determines that it
24 is necessary for the expeditious completion of a public im-

1 provement for which a State agency has entered into an
2 agreement, as described in subsection (a) of this section, to
3 make relocation payments to displaced persons, or to provide
4 the funds necessary to meet the requirements of section 905
5 (b) (1) of this Act, he may advance the Federal share of
6 such relocation payments and an amount necessary to make
7 the required payments under section 905 (b) (1) to such
8 State agency. Upon determination by the head of such Fed-
9 eral agency that any part of the funds advanced to a State
10 agency under this subsection is no longer required, the
11 amount which he determines not to be required shall be re-
12 paid upon demand. Any sum advanced and not repaid on
13 demand shall be deducted from sums otherwise available to
14 such State agency from Federal sources.

15 DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSIST-
16 ANCE UNDER TITLE I OF THE HOUSING ACT OF 1949,
17 AS AMENDED

18 SEC. 808. A person who moves or discontinues his busi-
19 ness, or moves other personal property, or moves from his
20 dwelling on or after the effective date of this Act, as a
21 direct result of any project or program which receives Fed-
22 eral financial assistance under title I of the Housing Act of
23 1949, as amended, shall, for the purposes of this title, be
24 deemed to be a displaced person.

1

SEVERABILITY

2

SEC. 809. If any provision of this title, or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of the provision to other persons or circumstances shall not be affected thereby.

6

ACTS REPEALED

7

SEC. 810. (a) The following laws and parts of laws are hereby repealed:

9

(1) The Act entitled "An Act to authorize the Secretary of the Interior to reimburse owners of lands required for development under his jurisdiction for their moving expenses, and for other purposes," approved May 29, 1958 (43 U.S.C. 1231-1234).

14

(2) Paragraph 14 of section 203 (b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

16

(3) Section 2680 of title 10, United States Code.

17

(4) Section 133 of title 23, United States Code.

18

(5) Section 7 (b) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1606 (b)).

20

(6) Section 105 (c) of the Housing Act of 1949 (42 U.S.C. 1455 (c)).

22

(7) Section 114 of the Housing Act of 1949 (42 U.S.C. 1465 (a)-(d)).

24

(8) Paragraph (8) of section 15 of the United States

1 Housing Act of 1937 (42 U.S.C. 1415 (8)), except the
2 first sentence of such paragraph.

3 (9) Section 404 of the Housing and Urban Develop-
4 ment Act of 1965 (42 U.S.C. 3071-3074) .

5 (10) Section 107 of the Demonstration Cities and
6 Metropolitan Development Act of 1966.

7 (b) Any rights or liabilities now existing under prior
8 Acts or portions thereof shall not be affected by the repeal
9 of such prior Acts or portions thereof under subsection (a)
10 of this section.

11 TITLE IX—UNIFORM LAND ACQUISITION

12 POLICY

13 PART A.—FEDERAL PROGRAMS

14 UNIFORM POLICY ON LAND ACQUISITION PRACTICES

15 SEC. 901. (a) In order to encourage the acquisition
16 of real property by amicable agreements with owners, to
17 relieve congestion in the courts, to assure consistent treatment
18 for owners in the many Federal programs, and to promote
19 public confidence in Federal land acquisition practices, heads
20 of Federal agencies shall, consistent with program require-
21 ments, be guided by the following policies:

22 (1) The head of a Federal agency should make every
23 reasonable effort to acquire real property by negotiated pur-
24 chase.

25 (2) Real property should be appraised before the ini-

1 tiation of negotiations, and the owner or his designated rep-
2 resentative should be given an opportunity to accompany the
3 appraiser during his inspection of the property.

4 (3) Before the initiation of negotiations for property,
5 the head of the Federal agency concerned should establish a
6 price which he believes to be a fair and reasonable con-
7 sideration therefor and should make a prompt offer to acquire
8 the property for the full amount so established.

9 (4) No owner should be required to surrender posses-
10 sion of real property before the head of the Federal agency
11 concerned pays the agreed purchase price, or deposits with
12 the court, in accordance with section 1 of the Act of Febru-
13 ary 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), for the
14 benefit of the owner an amount not less than the appraised
15 fair value of such property as determined by such agency
16 head, or the amount of the award of compensation in the con-
17 demnation proceeding for such property.

18 (5) The construction or development of public improve-
19 ments should be so scheduled that no person lawfully occupy-
20 ing real property will be required to move from a dwelling,
21 or to move his business or farm operation without at least
22 ninety days' written notice, if consistent with project require-
23 ments, from the head of the Federal agency concerned, of the
24 date by which such move is required.

25 (6) If the head of the Federal agency concerned does

1 not require a building, structure, or other improvement
2 acquired as a part of the real property, he should offer to per-
3 mit its owner to remove it. As a condition of removal, an
4 appropriate agreement should be required, whereby the fair
5 value of such building, structure, or improvement for removal
6 from the real property, as determined by such agency head,
7 will be deducted from the compensation otherwise to be paid
8 for the real property, however such compensation may be
9 determined.

10 (7) If the head of a Federal agency permits an owner
11 or tenant to occupy the real property acquired on a rental
12 basis for a short term or for a period subject to termination
13 by the Government on short notice, the amount of rent
14 required should not exceed the fair rental value of the
15 property to a short-term occupier.

16 (8) In no event should the head of a Federal agency
17 either advance the time of condemnation, or defer condem-
18 nation and the deposit of funds in court for the use of the
19 owner, in order to compel an agreement on the price to be
20 paid for the property. If an agency head cannot reach an
21 agreement with the owner, after negotiations have continued
22 for a reasonable time, he should promptly institute condemna-
23 tion proceedings and, at the same time or as soon thereafter
24 as practicable, file a declaration of taking and deposit funds
25 with the court in accordance with the Act of February 28,

1 1931 (46 Stat. 1421), if possession is required prior to the
2 entry of the judgment in the condemnation proceeding.

3 (9) If an interest in real property is to be acquired by
4 exercise of the power of eminent domain, the head of the
5 Federal agency concerned should, except as to property to be
6 acquired under section 25 of the Tennessee Valley Act of
7 1933 (48 Stat. 70, as amended; 16 U.S.C. 831), request
8 the Attorney General to institute formal condemnation pro-
9 ceedings. No Federal agency head should intentionally
10 make it necessary for an owner to institute legal proceedings
11 to prove the fact of the taking of his property.

12 (10) If the acquisition of only part of a property would
13 leave its owner with an uneconomic remnant, the head of
14 the Federal agency concerned should acquire the entire
15 property.

16 (11) In determining the boundaries of a proposed pub-
17 lic improvement, the head of the Federal agency concerned
18 should take into account human considerations, including the
19 economic and social effects of such determination on the own-
20 ers and tenants of real property in the area, in addition to
21 engineering and other factors.

22 (b) The provisions of this section, being general policies
23 for the guidance of Federal agencies, shall create no rights
24 or liabilities not otherwise existing or available, nor affect the

1 validity of any property acquisitions by purchase or con-
2 demnation.

3 COMPENSATION FOR PROPERTY ACQUIRED

4 SEC. 902. If the head of any Federal agency acquires
5 real property for public use in any State, by purchase or con-
6 demnation, the fair market value of such property shall be
7 paid as compensation therefor, unless it is not the intention
8 of the seller to convey the property for less than fair market
9 value.

10 BUILDINGS, STRUCTURES, AND IMPROVEMENTS

11 SEC. 903. (a) Notwithstanding any other provision of
12 law, if the head of a Federal agency acquires land or any in-
13 terest in land for public use in a State, he shall acquire a
14 like interest, or greater interest, in all buildings, structures,
15 or other improvements comprising part of the real property
16 so acquired which are required to be removed from the land
17 or which, in the opinion of such agency head, will be ad-
18 versely affected by such public use, if such improvements are
19 not required to be removed.

20 (b) As used in this section, the term "real property"
21 means land, or any interest in land, and (1) any building,
22 structure, or improvement imbedded in or affixed to land,
23 and any article so affixed or attached to such building, struc-
24 ture, or improvement as to be an essential and integral part

1 thereof; (2) any article affixed or attached to such real
2 property in such manner that it cannot be removed without
3 material injury to itself or the real property; and (3) any
4 article so designed, constructed, or specially adapted to the
5 purpose for which such real property is used that (A) it is
6 an essential accessory or part of such real property, (B) it is
7 not capable of use elsewhere, and (C) it would lose sub-
8 stantially all its value if removed from the real property.

9 (c) For the purpose of determining the extent of the
10 acquisition of real property and the valuation thereof, no
11 building, structure, or other improvement shall be deemed to
12 be other than a part of the real property solely because of the
13 right or obligation of a tenant, as against the owner of any
14 other interest in the real property, to remove such building,
15 structure, or improvement at the expiration of his term, and
16 the head of the Federal agency shall pay to the tenant the
17 fair value of the building, structure, or improvement, which
18 fair value shall be determined by such agency head as the
19 greatest of (1) the contributive value of the improvement to
20 the present use of the entirety, (2) the current cost of repro-
21 duction less depreciation of the improvement, or (3) the
22 value of the improvement for removal from the property,
23 which determination of fair value and method used by the
24 agency head shall be final and conclusive.

1 EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED
2 STATES

3 SEC. 904. (a) The head of a Federal agency, as soon
4 as practical after the date of payment of the purchase price
5 or the date of deposit of funds to satisfy the award of com-
6 pensation in a condemnation proceeding to acquire real
7 property, whichever is the earlier, shall reimburse the owner,
8 to the extent the head of such agency deems fair and reason-
9 able, for expenses necessarily incurred for—

10 (1) recording fees, transfer taxes, and similar ex-
11 penses in conveying such real property to the United
12 States;

13 (2) penalty costs for prepayment of mortgage inci-
14 dent to such real property, provided that such mortgage
15 shall be of record as required by law on the date the
16 official announcement of the project is made by the au-
17 thorized Federal agency; and

18 (3) the pro rata portion of real property taxes
19 allocable to a period subsequent to the date of vesting
20 title or the effective date of a court order of possession,
21 whichever is the earlier.

22 (b) The determination as to such payments by the head
23 of such agency shall be final and no provision of this section
24 shall be construed to give any person a cause of action in any

1 court, nor may any violation of this section be raised as a
2 defense by such person in any action.

3 PART B.—FEDERALLY ASSISTED PROGRAMS
4 REQUIREMENTS FOR APPROVAL OF CONTRACTS OR
5 AGREEMENTS

6 SEC. 905 (a) Notwithstanding any other provision of
7 law, on and after the date of enactment of this Act no grant
8 to, or contract or agreement with a State agency, under
9 which Federal financial assistance will be available to pay in
10 whole or in part the cost of the acquisition of real property
11 or of a public improvement for which real property is to be
12 acquired, may be approved by the head of the Federal agency
13 responsible for the administration of such Federal financial
14 assistance unless such State agency has entered into an agree-
15 ment which shall provide--

16 (1) that every reasonable effort shall be made to
17 acquire the real property by negotiated purchase;

18 (2) that the construction or development of the
19 public improvement will be so scheduled that, to the
20 greatest extent practicable, no person will be required
21 to move from a home, farm, or business location without
22 at least ninety days' written notice, if consistent with
23 project requirements, from such State agency of the date
24 by which the move is required; and

1 (3) that it will be the policy of the head of the
2 State agency, before initiating negotiations for real prop-
3 erty, to establish a price which he believes to be a fair
4 and reasonable consideration therefor, and to make a
5 prompt offer to acquire the property for the full amount
6 so established.

7 (b) Notwithstanding any other provision of law, on and
8 after January 1, 1970, no grant to, or contract or agreement
9 with a State agency, under which Federal financial assist-
10 ance will be available to pay in whole or in part the cost
11 of the acquisition of real property, or of a public improve-
12 ment for which real property is to be acquired, may be ap-
13 proved by the head of the Federal agency responsible for the
14 administration of such Federal financial assistance, unless
15 such State agency has entered into the agreements described
16 in subsection (a) of this section and has agreed—

17 (1) that no owner will be required to surrender
18 possession of real property before the head of the State
19 agency (A) pays the agreed purchase price, (B) makes
20 available to the owner, by court deposit or otherwise,
21 an amount not less than 75 per centum of the appraised
22 fair value of such property, as approved by such State
23 agency head, without prejudice to the right of the owner

1 to contest the amount of compensation due for the prop-
2 erty, or (C) deposits or pays the final award of compen-
3 sation in the condemnation proceeding for such property;

4 (2) that any decrease in the value of real prop-
5 erty prior to the date of evaluation caused by the public
6 improvement for which such property is acquired, or by
7 the likelihood that the property would be acquired for
8 the proposed public improvement, other than that due
9 to physical deterioration within the reasonable control
10 of the owner, will be disregarded in determining the
11 compensation for the property; and

12 (3) that for the purposes of determining the extent
13 of the acquisition of real property and the value thereof,
14 no building, structure, or other improvement will be
15 deemed to be other than a part of the real property solely
16 because of the right or obligation of a tenant, as against
17 the owner of any other interest in the real property, to
18 remove such building, structure, or improvement, and
19 that an amount not less than the value which such build-
20 ing, structure, or improvement contributes to the value
21 of the real property acquired, or the value of such build-
22 ing, structure, or improvement for removal from the real
23 property, whichever is the greater, will be paid to the
24 tenant therefor.

1

PROVISIONS REPEALED

2

SEC. 906. Effective January 1, 1970, sections 401,

3

402, and 403 of the Housing and Urban Development Act

4

of 1965 are hereby repealed.

Mr. BLATNIK. Our first witness is Congressman L. H. Fountain.

Congressman Fountain is chairman of our Subcommittee on Intergovernmental Relations. He is author of a bill reported by this committee 10 years ago that created the Advisory Commission on Intergovernmental Relations and, along with Congresswoman Florence P. Dwyer, he is a member of the Commission.

His bill, H.R. 5522, is similar to H.R. 16718, which is under consideration today, but includes other features.

Congressman Fountain has asked to be excused after reading his statement, without questioning, because of another important appointment.

Congressman Fountain, we welcome you here, and I apologize for the delay. Will you please proceed with your testimony.

STATEMENT OF HON. L. H. FOUNTAIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA; ACCOMPANIED BY DR. DELPHIS C. GOLDBERG, PROFESSIONAL STAFF MEMBER, INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE

Mr. FOUNTAIN. Thank you very much, Mr. Chairman. I appreciate your kind words.

Mr. Chairman, members of the subcommittee, I am pleased to have the opportunity to appear before this subcommittee to testify on behalf of my bill, H.R. 5522, as well as the other bills which embody the same provisions.

In the past several years the Congress has enacted a great many new and expanded grant-in-aid programs in order to deal with a wide range of social and economic conditions. All of these programs require the cooperative effort of State and local governments in their execution, and most require coordination between and among Federal agencies as well.

To be more specific, the Advisory Commission on Intergovernmental Relations reports that in the 5-year period from 1963 through the first session of the 90th Congress, the Congress enacted approximately 240 new or significantly expanded grant programs, bringing the total to more than 400 separate categorical authorizations administered by no fewer than 18 Federal departments and agencies. Grant-in-aid expenditures have also increased sharply in recent years and currently amount to more than \$18 billion annually.

This amazing legislative output is striking evidence that the Congress has been exceedingly responsive to the needs and demands of the American people. But it also reflects the greatly increased burden that has been placed upon our traditional system of Federal-State-local relationships. In a sense, it constitutes the handwriting on the wall, that we must take prompt and vigorous action to cope with the difficult management problems produced by this enormous legislative output—or else we run a serious risk that our grant-in-aid structure will collapse.

Mr. Chairman, it is 10 years since the Committee on Government Operations, acting on the basis of the comprehensive and careful investigation conducted by the Intergovernmental Relations Subcommittee—which I have had the privilege to chair these past 13 years and

on which the distinguished chairman has served for many years—found the grant-in-aid “a useful method for harnessing cooperative governmental effort in the accomplishment of national legislative purposes.”

While the grant program has been a valuable instrument for facilitating intergovernmental cooperation, it has, nevertheless, created difficult problems for State and local governments. Problems have resulted from the rapidly accelerating trend in recent years toward the enactment of a great many new and varied grant programs. Problems have also resulted from a lack of effective coordination of these activities at the Federal level, and with respect to their impact on local communities and on the structure of State government.

Incidentally, our 1958 report—House Report 2533 of the 85th Congress—was widely hailed as an incisive, objective, and responsible analysis of the strengths and weaknesses of grants and the proper role of grants-in-aid in the operation of our Federal system.

It is of particular interest that our committee called attention in that report to the tendency of grant programs to resist termination once the Federal objective has been achieved, and to the need for the reassessment of program goals at stated intervals. My bill before the subcommittee today contains a section designed to meet this problem. I shall come back to this point in a moment.

H.R. 5522—designated as the “Intergovernmental Cooperation Act”—purports to strengthen intergovernmental relations by improving cooperation and the coordination of federally aided activities among the levels of government—Federal, State, and local. It is intended to help our federal system more effectively meet the need of a growing and dynamic American society.

I am very pleased to note that similar bills for this important purpose are sponsored by several of our distinguished colleagues, including Mrs. Dwyer, Mr. Fascell, and Mr. Reuss. The chairman, I understand, has introduced a shorter administration version of this legislation. A bill similar to H.R. 5522 is sponsored in the other body by Senator Muskie, together with a bipartisan group. I believe hearings on that bill were held last month.

My bill seeks to harmonize the many independently administered Federal assistance programs for their more effective and coordinated implementation at the State and local levels where these programs are actually translated into projects and services for the benefit of our people. While dealing principally with improving the use of Federal grants-in-aid, the proposed legislation is directed to other intergovernmental problems as well. The provisions contained in this bill are derived largely from the scholarly studies and practical recommendations of the Advisory Commission on Intergovernmental Relations, on which Mrs. Dwyer, Mr. Ullman, and I serve as representatives of the House.

H.R. 5522 is intended to accomplish eight major objectives as follows:

- (1) Provide that Governors and State legislatures be fully informed, upon request, about all Federal grants made to their States, and that grant funds be more uniformly and efficiently administered;
- (2) Permit State and local governments to contract with Federal agencies for specialized technical assistance and training which the

State and local governments themselves cannot economically provide. However, Federal agencies would not perform these services if they are reasonably and expeditiously available through ordinary business channels;

(3) Establish a coordinated intergovernmental policy on the administration of grants for urban development, with Federal agencies taking into account all viewpoints—local, regional, State, and National—in the formulation and evaluation of programs and projects. Cities, counties, and towns would be favored as recipients of Federal urban development assistance in preference to special purpose units of local government which are not directly responsible to the voters;

(4) Provide for periodic congressional review of new Federal grant-in-aid programs to insure that such programs are examined in a systematic fashion and are reconsidered in the light of changing conditions;

(5) Authorize the President to submit plans to the Congress for the consolidation of individual categorical grants within broad functional areas, subject to the same kind of congressional veto procedures that apply to executive reorganization plans. The purpose of this provision is to help control the proliferation of separate grants and to provide greater flexibility to the States in the use of grant funds;

(6) Require that the Federal Government, to the extent possible, when acquiring urban land, use and dispose of it in a way that is consistent with local planning objectives;

(7) Establish a uniform policy for fair and equitable treatment of owners, tenants, and other persons forced to relocate as a result of the acquisition of real property for Federal and federally aided public improvement programs; and

(8) Establish a uniform policy for the acquisition of real property by Federal agencies and by State agencies using Federal funds for public improvement programs.

In the interest of time, and because the subcommittee will be receiving testimony on these same provisions from others, I will elaborate only on titles V and VI.

Title V, providing for periodic congressional review of grants-in-aid, has had a fairly long history, and its purposes, unfortunately, have been misunderstood in some quarters. On two different occasions this legislation, in the form of separate bills, was reported favorably to our full committee but was not brought to a vote. While the provisions of title V were drafted by the Advisory Commission on Intergovernmental Relations, the concepts had their origin in this committee. As I noted earlier, our full committee addressed itself in 1958 to the need for more uniform treatment of new grant programs at the time of enactment, and the periodic reassessment of grant programs at stated intervals.

Mr. Chairman, the need for regular and systematic review of grant-in-aid programs is even greater today. We are living in a dynamic age, and we cannot continue indefinitely to face new problems by enacting additional grant programs without facing up to the necessity of giving consideration to the phasing out of some of the older programs aimed at problems of another time. I believe that a uniform

policy and procedure for grant review is the most practical method for enabling the Congress to accomplish this objective in a consistent and timely manner.

It is incorrect, as has been contended, that a full-scale review of a program's goals—and its accomplishments in relation to those goals—is accomplished through annual authorizations (which are not required for all grant programs, in any event) and through the appropriations process. Neither is the type of comprehensive review intended by this legislation accomplished by section 136 of the 1946 Reorganization Act. That section requires each standing committee to "exercise continuous watchfulness" of the administrative agencies under its jurisdiction and to study reports submitted by those agencies.

The plain fact demonstrated by experience is that neither the legislative committees nor the executive agencies are likely to take the initiative to make a basic review of grant programs on a timely basis unless the Congress requires such action through legislation. The committees and the agencies are conscientious and responsible, but they are confronted by current workloads and pressures from interest groups which often militate against reviewing ongoing programs. The affected committees would, of course, have to be more adequately staffed to perform this function, but that is a small price to pay for a more orderly grant system. In fact, I believe we would achieve substantial economies in the long run.

Let me also add that the program review contemplated by title V is in no way competitive with the jurisdiction of our committee, extending, as it does, to matters of economy and efficiency in program administration.

Title V is intended to strengthen congressional procedures with respect to future Federal grants to State and local governments. It provides essentially for two things:

One, a comprehensive review of future grant programs by the appropriate House and Senate committees to be commenced at least 12 months before the authorization for each program is due to expire. This review would seek to ascertain (a) the extent to which the purposes of a grant have been achieved; (b) the extent to which the program can be carried on without further Federal assistance; (c) whether or not any changes in purpose, direction, or administration of the original program should be made; and

Two, a 5-year termination date for any future grant program, where the legislation does not include an expiration date, no matter how long, or the Congress does not waive the applicability of this provision in order to support a program of continuing Federal assistance.

I want to say in all candor that the recommendations made by our committee, and by the Advisory Commission for periodic congressional reassessment of grant programs, though not yet enacted into law, have apparently produced some worthwhile results. But I am not satisfied that grant programs receive the essential type of comprehensive periodic assessment and reevaluation intended by this legislation.

In contrast to the earlier experience, most of the recently enacted grants have been authorized for limited periods of time.

For example, of the 13 grant programs enacted between 1933 and 1945, 12 had no time limitations and one program was limited only by the amount of money authorized.

Between 1946 and 1960, 20 new grants were enacted, of which seven were unlimited in duration, and two carried a money limitation only.

Of the 41 enactments of new or expanded grant programs in 1965, all but three contained expiration or other limiting provisions (the three include: USDA's program for water works and sewage plants in rural areas, and two programs authorized by the Social Security Amendments of 1965). Of the 30 major grant-in-aid enactments in 1966, only four contained no expiration provision (air pollution control maintenance, the nonfood assistance program under the Child Nutrition Act of 1966, the national trust historical preservation legislation, and assistance for housing in Alaska). Of the 17 enacted during the first session of the 90th Congress (1967), only one had no expiration provision (Meat Inspection Act). Finally, of the four passed thus far in this session, only one (child welfare services under the Social Security Amendments) lacks such a provision.

Although the recent experience demonstrates a much greater recognition of the need to control grant programs by requiring congressional approval for their continuation at specified intervals, I believe there is still a real need for a 5-year termination date as provided in title V. The committee may decide some other period of time. It would help assure that the congressional intent is clearly expressed and understood when grant legislation is considered.

It would also help guard against laxity, and operate as a stimulus for all legislative committees to sharpen up the purpose of a new grant in terms of whether it is intended only to stimulate State and local activity and for how long, or to support a continuing program. The chairman of the appropriate legislative committee might well have a special subcommittee or at least certain staff members regularly doing this reevaluation work.

The 5-year termination provision, it should be remembered, would apply to future grant programs only, in the event the legislation contains no expiration date for the grant authority, and could be waived entirely when the Congress wishes to enact a permanent program.

This provision is really designed to remove any doubt as to what the Congress intends.

Title VI of my bill contains a new provision designed to enhance the President's management of grant programs, subject to appropriate congressional control. This new provision would authorize the President to submit to the Congress plans for the consolidation of individual categorical grants within broad functional areas and to effect the interagency transfer of administrative responsibility for grant programs, subject to the same type of congressional veto that governs executive reorganization plans. This proposal would involve the submission to Congress of categorical grant consolidation plans, including such modifications in apportionment formulas and allocation requirements as the President deems necessary. The Congress would accept the plans or disapprove them in a manner similar to that provided in the Reorganization Act of 1949, as amended.

Because the number and variety of Federal grants has increased so greatly in recent years, the need for coordination in their administration becomes more pressing with each passing day.

We have, for example, approximately 50 different programs to aid general education; 57 programs for vocational and job training; 35 programs involved in housing; more than 20 programs involving transportation; 27 for utilities and services; 62 for community facilities, 32 for land use; 28 for recreational and cultural facilities.

One striking example of the problems which a number of similar categorical grants produce may be found in Federal grant programs just for community water supply, sewers, and sewage treatment facilities. Five agencies of the Federal Government are presently involved in administering such grants:

(1) The Farmers Home Administration in the Department of Agriculture;

(2) The Department of the Interior's Federal Water Pollution Control Administration;

(3) The Economic Development Administration of the Department of Commerce;

(4) The Appalachian Regional Commission (for communities within that commission's jurisdiction); and

(5) The Land and Facilities Development Administration of the Department of Housing and Urban Development.

Title VI would give the President the authority to consolidate all, or some of these programs—subject to review by the Congress—if he determines that such action would improve their administration.

I cannot say to what extent the President would use this authority, or the extent to which Congress would permit him to use it. But we must be willing, it seems to me, to explore all promising and responsible avenues for simplifying the large and complex maze that our grant-in-aid system has become.

Mr. Chairman, this bill is a composite of a number of provisions introduced in the last Congress and some new proposals which we believe promising for securing the improved management of intergovernmental programs. Many of these provisions were contained in a bill unanimously passed by the other body in 1965, while a companion bill was approved by the Committee on Government Operations too late in 1966 for House action.

The Congress has authorized the expenditure of vast amounts of public funds for a multitude of Federal assistance programs. Now is the time to deal with the problems created by those programs.

Implementation of the proposed legislation would cost relatively little, but the gains we can expect in improved administration of Federal grant programs and in the smoother functioning of our federal system could be very great.

While I recognize that you, Mr. Chairman, have introduced an administration bill which omits, among others, the titles I have just described, I sincerely hope that, under your able leadership, this subcommittee will act favorably upon H.R. 5522 as a whole. The problems are pressing and the hour is late. This is no time to compromise with half-way measures when we have the legislative remedies available for meeting all of the important intergovernmental problems to which H.R. 5522 is addressed.

Mr. Chairman, I appreciate the attention you and members of the subcommittee have given me. Since this legislation relates to subject matter which both the Intergovernmental Relations Subcommittee and the Advisory Commission on Intergovernmental Relations have for years given considerable study, I hope you will not hesitate to call upon either for any assistance you may need in reaching a decision. I am delighted to note that Governor Farris Bryant is here to present the Advisory Commission's views. I urge you to give Governor Bryant's testimony your very careful attention.

Mr. BLATNIK. Mr. Fountain, we certainly thank you, and we are indebted to you for an excellent statement, which is typical of the high quality of all of your presentations before this committee and other committees.

I notice that you were one of the key lead witnesses in the extensive hearings held 2 years ago by our colleague, Mr. Holifield. I assure you that we shall certainly give very careful thought and scrutiny to all the provisions of your legislation, plus the legislation of others who have joined you, such as Congressman Fascell.

Certainly, we will consult with you, not only on your suggestions, but we will also welcome your active participation and assistance in shaping up as workable as possible a piece of legislation in this area.

I know you have another very important commitment now, Mr. Fountain, so we will not have any questioning at this time.

Again, thank you, and we will call upon you for further help in the future.

Mr. FOUNTAIN. I would be glad to come back some other time if the committee does desire to question me.

I might also add that I have with me Dr. Goldberg, who, incidentally, has served as a staff member of the Intergovernmental Relations Subcommittee since I have been chairman. He has participated in all of the public hearings we have held throughout the country during the last 8 or 10 years in this field, and I would say that he, like the staff of the Advisory Commission on Intergovernmental Relations, is an expert on this subject. So if you have any questions, he is here and will be available for questioning.

Mr. BLATNIK. I would like to have the professional assistance of Dr. Goldberg, and we appreciate your offering it.

Mr. Brown, did you have a question?

Mr. BROWN. Could I ask two quick questions based on your experience in Congress, Mr. Fountain?

In looking at grant-in-aid programs, is it your experience that the purposes of most programs are pretty well defined in the legislation? Or are they sometimes left rather vague?

Mr. FOUNTAIN. I think most of the legislation in the "whereas" clause probably states the purpose of the legislation; but with changing times and the way programs are administered, I think sometimes these programs need to be redirected, or the purpose needs a restatement.

Mr. BROWN. I would agree with you 100 percent. I just want to get your remarks on the record.

The other question: Do you think an agency, such as GAO or something similar to it, could evaluate whether or not the operation of a

grant-in-aid program has been successful in meeting those purposes which were stated? I understand GAO has gotten into this area in the poverty program. In that connection, is it appropriate or possible?

Mr. FOUNTAIN. I think the GAO can serve a useful purpose in this area. So can the executive agencies having jurisdiction over the legislation in question and which must administer the program. But I think that does not eliminate the necessity of the appropriate legislative committees, which reported the legislation to the House and to the Senate, giving the legislation and the subject a very careful reassessment and reevaluation with the view of determining whether or not the grant program ought to be modified, redirected, or even eliminated.

Mr. BROWN. Thank you.

Mr. BLATNIK. Thank you, sir.

Our next witness will be Congressman Fascell who is also the author of a related bill, H.R. 5524, which I understand is similar to Mr. Fountain's H.R. 5522.

Congressman Fascell.

STATEMENT OF HON. DANTE B. FASCELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FASCELL. Mr. Chairman and members of the subcommittee, I am pleased to have this opportunity to testify in support of H.R. 16718, the proposed "Intergovernmental Cooperation Act of 1968," and my own companion measure, H.R. 5524. As you know, I previously sponsored and sought enactment of comparable legislation. This year, the need for congressional action is especially crucial.

Recent developments in Federal-State-local relations have dramatized the necessity for combating major administrative problems which plague effective intergovernmental relations—especially in the grant-in-aid area. The roots of this quiet crisis are known to most of us:

To assist State and local governments meet the heavy demand for more and better services, the Federal Government has greatly expanded its involvement in numerous program areas, largely via the grant-in-aid device. Such grants now number more than 400 reported authorizations—240 of which have been enacted since 1963.

Grant expenditures have increased more than two and one-half times in this decade, rising from \$7 billion in fiscal year 1960 to an estimated \$18.3 billion for this fiscal year. Approximately 17 percent of total State and local revenues now come from this source.

This remarkable growth in the number and dollar amounts of grants is clear evidence of the National Government's real concern with the pressing problems facing State and local governments. It also reflects an abiding faith in the partnership principle that underlies the grant device as well as our federal system.

However, the burgeoning number and variety of grant programs have contributed to serious management problems at all

government levels, including overlapping and fragmentation among functional programs, information gaps, and rigid and often conflicting administrative requirements.

Mr. Chairman, the Congress has a vital role to play in improving intergovernmental administration—a role which extends beyond the enactment of grant legislation. While executive orders, Budget Bureau action, and revamped departmental regulations can remove some of the administrative difficulties at the Federal, State, and local levels, others result from statutory provisions and insufficient executive authority. The latter requires congressional action and the legislation you are considering provides a good vehicle for such action.

H.R. 16718 seeks reform in four basic areas. I would like now to briefly discuss its provisions.

Title II seeks to improve the coordination and flexibility of certain standards and procedures governing the financial, organizational, and other activities of State executives and other State officials affected by Federal grant programs. The specific language of this title reflects the considerable attention devoted to it and the amendatory action taken in 1966 by this subcommittee.

Section 201 would strengthen the individual Governor's role in grant coordination and budget preparation and would facilitate the legislature's task of administrative oversight and fiscal control through providing that Governors or State legislatures, upon request, would be informed by Federal departments and agencies concerning the purposes and amounts of grants being received by their States.

Section 202 recognizes that the use of separate bank accounts is not necessarily an effective means to insure proper accounting of Federal grant funds. A few older grant statutes and some regulations stipulate that State governments must keep Federal moneys in separate bank accounts. As a result, many States maintain complex bank accounts for Federal aid programs. With the development of modern accounting techniques, it should only be necessary for a State to maintain appropriate fund accounts which distinguish the balance that the State has received but not yet earned. This section would encourage the adoption of these principles by the States, while still preserving the Federal Government's proper concern that all grant funds will be utilized as intended by recipients and that basic information concerning the financial status of grant programs will be provided.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary. The Department of the Treasury has already sought administratively to achieve this objective through its departmental Circular No. 1075, issued on May 28, 1964. The circular established a letter-of-credit procedure that maintains funds in Treasury until they are needed by recipient jurisdictions. However, some States appear to have legal fiscal requirements which impede application of the procedure. Further, some of the Federal agencies using the device have not been fully aware of its basic purpose and have failed to institute an effective monitoring system. As a result, a special Federal task force on letter-of-credit procedures is currently reviewing these and other related problems and formulating appropriate remedial

measures. Section 203 recognizes the merits of the letter-of-credit approach and seeks to give it the full force of law. It insures that States will not draw on grant funds in advance of their program needs. At the same time, it does not seek to hold them accountable for interest or other income earned on any grant funds advanced prior to their disbursements for program purposes. Effective, governmentwide implementation of this mechanism should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislative requirements for a single State agency, multimember board, or commission. Rigid application of these requirements can strait jacket Governors as well as State legislatures in their reorganization efforts. Moreover, given the increasing number of grants-in-aid programs which require multidisciplinary packaging approaches, a doctrinaire adherence to this provision appears wholly unnecessary. With improved State administration of Federal aid programs and the pressing contemporary need for the States to restructure their governmental organization in order to keep abreast of their rapidly expanding functional responsibilities, the type of flexibility permitted by section 204 is of the utmost significance. Under this section, the head of the administering Federal department or agency is authorized to waive the requirement on request of a recipient State, if the department or agency is convinced that the proposed alternative administrative arrangement will not undermine the program objectives sought through the grant.

Title III seeks to upgrade services-in-aid functions in contemporary Federal-State-local relations by authorizing Federal departments and agencies to provide specialized and technical services to State and local jurisdictions on a reimbursable basis. It also establishes ample safeguards for the legitimate interests of the private sector. A number of Federal departments and agencies already furnish such services gratuitously or at cost as a consequence of specific congressional authorization. The increasingly complex and technical nature of State and local governmental activities, coupled with the soaring costs of technical personnel and equipment, highlight the pressing need for this permissive provision. The discretionary power provided in this title would not affect the programs of those Federal agencies which have been authorized to provide special technical assistance, facilities, or consultation services without reimbursement. The services-in-aid policy stipulated is wholly permissive, and State or local agencies requesting such aid and the Federal agency involved would have to agree on the extent and cost of the services to be performed.

Title IV establishes a coordinated intergovernmental policy for the planning and administration of Federal grants for urban development. The need for improved coordination of intergovernmental relationships is most apparent in metropolitan areas where the fragmentation of governmental jurisdictions is accelerating. This title provides procedures for encouraging the various levels of government operating in metropolitan areas to cooperate in the solution of common problems. Section 401 authorizes the President to establish Government-wide guidelines for the formulation, enactment, and review of Federal urban development programs and projects. It also provides,

as a matter of congressional policy, that agencies, to the maximum extent possible, consider all viewpoints—National, State, regional and local—in the formulation and evaluation of such programs and projects. Moreover, under this section, systematic planning required by several individual Federal-urban programs shall, to the extent possible, be coordinated with and incorporated into comprehensive local and areawide urban development planning.

A significant feature of our Federal system is that most types of domestic public services are administered by general purpose local governments—cities, counties, and towns. Yet, special districts are multiplying at a rapid rate—reaching over 21,000 last year. Section 402 of this title implements the objective that where Federal grant-in-aid legislation makes both special purpose local government units and general purpose local governments eligible to receive urban development loans and grants, Federal agencies should favor the latter, in the absence of substantial reasons to the contrary.

The final title of H.R. 16718 amends the Federal Property and Administrative Services Act by stipulating a uniform procedure for acquisition, use, and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with the planning objectives of local governments. Under this title, the GSA Administrator, in disposing of Federal urban land holdings, shall, to the extent practicable, give advance notice to the general local government having zoning and land use jurisdiction over the land involved in the proposed transaction. The Administrator is also directed to comply, to the extent possible, with the zoning and land use regulations of the local government affected when acquiring or changing the use of any real property in urban areas. Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets, and other local governmental functions. At present there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs which seek to strengthen local and areawide planning and land use regulations. This title begins to correct this deficiency.

For these reasons, I fully endorse the proposed Intergovernmental Cooperation Act of 1968 (H.R. 16718). I believe the proposed legislation contains sensible solutions to many of the pressing problems impeding effective intergovernmental administration.

In addition, Mr. Chairman, I would urge your consideration and adoption of those additional titles which are included in my companion bill, H.R. 5524. In my opinion, an expanded approach to improving the grant-in-aid system and to strengthening Federal-State-local cooperation could be achieved by recognizing the pressing need for better congressional oversight, more grant consolidations, and uniform and equitable relocation and land acquisition policies. These additional provisions have been endorsed by the Advisory Commission on Intergovernmental Relations, the Council of State Governments, the National Governors' Conference, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors, and other public interest groups. I would now like to briefly review the principal features of these titles of my bill.

Title V of H.R. 5524 provides a uniform policy for congressional review of future grants-in-aid to State and local governments. In those cases where no expiration date for grant authority is specified by law and where such grants are not specifically exempted from the provisions of section 502, a 5-year termination date is stipulated. One perennial criticism made of Federal grant programs is that once established they tend to perpetuate themselves without substantial modification, even when the circumstances which prompted their establishment have changed. The need for systematic reassessment of grant-in-aid programs is especially important in a period of rapid urbanization and technological change. The basic purpose of this title is to assure that new grant-in-aid programs will be revised and re-directed, as necessary, to accommodate developments in relevant functional areas.

With reference to the controversial 5-year termination provision it should be noted that it would apply only to those grants which Congress failed to designate as ongoing or shortrun programs. Based upon past experience and present indicators, few grants-in-aid would be affected by this termination provision.

Title VI of H.R. 5524 is designed to overcome the administrative and fiscal problems resulting from the proliferation of Federal grant programs by authorizing the President to submit to Congress plans for the consolidation of individual categories within broad functional areas. Such authority would be subject to the type of congressional veto that presently applies to executive reorganization plans.

For those genuinely concerned about revamping the grant-in-aid system, more consolidation is a must. The overlapping, duplication, confused information, and varying and frequently conflicting requirements, which the 400-odd Government programs have produced, have created a managerial nightmare for administrators at all levels. This condition must change.

To date, grant consolidation has followed the normal course of the legislative process, since combining grants involves changing varying legislative requirements concerning allocation formulas, and matching ratios. The principal defects of this approach include the frequent opposition of middle management administrators at all levels to efforts to consolidate programs which they administer, and the resistance of the special interests that support individual grant-aided functions to congressional efforts to upset the grant-in-aid status quo.

Title VI is designed to help overcome some of these obstacles. Under it, the President would submit grant consolidation plans to Congress under procedures similar to those used for administrative reorganization plans, thereby focusing primary responsibility for this effort in the Executive Office of the President. A plan would become effective at the end of 90 calendar days of continuous session of Congress following its transmittal, unless either House passed a resolution disapproving the proposed consolidation. Each plan would involve a consolidation of individual programs within the same functional area and would focus administrative responsibility in one Federal agency, specify the formula or formulas for making the grant, and describe the differences between the new formula and those under each of the previous individual programs.

Title VIII of H.R. 5524 establishes a uniform policy for the fair and equitable relocation of persons and businesses forced to move as a result of Federal or federally assisted programs. This all-important provision would remove the onerous consequences of the inconsistencies and inequities of present relocation policies and practices.

Under section 802, heads of Federal agencies are required to make relocation payments in direct Federal programs causing displacement—such as GSA, the Post Office Department, or the Defense Department in accordance with regulations established by the President. Section 803 requires the same agencies to provide relocation assistance programs and specifies that these include: determining needs for assistance; assuring the availability of standard housing within a reasonable period of time prior to displacement; assisting businesses and farm operators in relocating; supplying information regarding FHA, SBA, and other assistance programs; helping to minimize readjustment problems; and coordinating relocation with other project activities and governmental activities in the community. This section also broadens the Small Business Administration Act to authorize disaster loans to small concerns which suffer substantial economic injury from construction conducted by State and local governments or which are adversely affected but not actually displaced by Government property acquisition.

Section 807 extends the requirements of sections 802 and 803 with respect to payments and advisory assistance to federally assisted programs conducted by State and local governments. It authorizes the Federal Government to reimburse fully State and local governments for relocation payments up to \$25,000 in federally aided programs and on a formula cost-sharing basis for any portion above \$25,000 per displacement. The Federal reimbursement would be contingent on the State or local agency's agreeing to provide relocation payments and advisory assistance as prescribed by Federal law and regulations.

I cannot stress too strongly the desperate need for legislation of this type. Relocation is a source of considerable public unrest in rural and urban areas—and no wonder, given the inequities and nonuniform provisions of the present programs.

Finally, title IX of H.R. 5524 establishes a uniform policy for land acquisition practices in Federal and federally assisted development programs, and complements the previous relocation title. In recent years, there have been growing complaints concerning the equity of Government agency land acquisition practices, the adequacy of traditional standards of compensation, and the sufficiency of assistance to persons adversely affected by Federal direct or federally assisted public improvement programs. Those problems have been largely treated on a piecemeal basis with consequent inconsistency among areas covered and inequity among those not covered.

Section 901 clarifies the congressional intent that public agency policies and procedures for the acquisition of real property should be fair and consistent, and should be directed to giving the property owner the full measure of compensation authorized by law promptly. Section 902 directs that "fair market value" be paid as compensation for purchase or condemnation. Section 903 requires that a Federal agency which takes land, or an interest in land, must take a similar

interest in any improvement that is part of the real property. It also specifies a uniform standard for determining whether a structure or other improvement is a part of the real property. Section 903 further provides for equal treatment of property owners and tenants with respect to buildings and structures on land taken.

Section 904 authorizes Federal agencies to reimburse property owners for reasonable and necessary expenses incidental to transferring title to real property to the United States. This recognizes the inequity in taking private property for public use and requiring the owner, who may be unwilling to sell, to incur expense in order to transfer title. Section 905 applies to federally assisted programs, key elements of the property acquisition policies, and procedures for direct Federal programs set forth in sections 901 through 904.

In conclusion, Mr. Chairman and members of the subcommittee, I strongly support the early enactment of H.R. 16718, the proposed Intergovernmental Cooperation Act of 1968, with amendments to include those titles of H.R. 5524 relating to congressional oversight, grant consolidation, and fair and uniform relocation and land acquisition policies. This legislation represents the first significant attempt by Congress to improve the administration of the grant-in-aid system and thereby to strengthen American federalism. As such, it merits your attention and warrants early enactment.

Thank you, Mr. Chairman, for this opportunity to present my views concerning this proposed legislation.

Mr. BLATNIK. Thank you Congressman Fascell, for your very fine and informative statement.

Since you have another important engagement, we will not question you at this time.

We will now hear testimony from Hon. Florence P. Dwyer, the ranking minority Member of our Committee on Government Operations, and author of H.R. 5523, a bill on intergovernmental cooperation. Mrs. Dwyer.

STATEMENT OF HON. FLORENCE P. DWYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mrs. DWYER. Mr. Chairman, I applaud the scheduling of hearings this week on the Intergovernmental Cooperation Act and the Joint Funding Simplification Act.

As you know, I have authored and have pushed for enactment of the Intergovernmental Cooperation Act for many years now. In the present Congress, I introduced H.R. 5523 on February 15, 1967, which is a more comprehensive version of the administration's bill now before us, H.R. 16718. In addition, I have introduced H.R. 17479, the Joint Funding Simplification Act, in recognition of the fact that the two acts before us closely complement each other and are properly being considered together in these hearings.

NEED FOR RAPID ACTION—TRAGEDY AND DESPAIR

The time is late in this session of Congress, Mr. Chairman. We will have to move rapidly if we are to enact these proposals into law before adjournment. Yet, there is a vital need that we do so.

Too long have we delayed in recognizing that our cities, our society is in crisis. Decay and despair surround us—in the slums, in rural areas, in the hearts and minds of men. Substandard housing, unemployment, hunger, illness, inadequate education, environmental pollution, decrepit transportation systems, and many other failures of our society breed despair, defeat, and distrust.

Tragedy again has struck our people within the past few days, as it has over the past months and years. This is, unfortunately, not new to us. Especially, it is not new to those less fortunate than ourselves whose daily existence is a play in tragedy. But, if we are to preserve our freedom and safeguard our society, we can no longer tolerate the recurrence of tragedy or the causes that contribute to it.

EFFICIENT AND EFFECTIVE MANAGEMENT

We are a wealthy land. Yet, we seem unable to find the money for our priority needs. We are a country filled with talent, innovation, and drive. Yet, we do not seem able to fashion a system of government which is capable of efficient and economic administration.

The nuts and bolts of government management are dull and boring to most people, I'm afraid. As a result, we fail to devote the attention that is needed to make programs work and to find the money necessary for this purpose.

The two measures before us today will by no means resolve all these problems. They are a first step, however, toward reaching our goal. That is why they must be enacted.

MULTIPLE LAYERS OF GOVERNMENT

There are approximately 82,000 local units of government in the country. There are 50 States, each with many departments, agencies, and authorities. There are 21 departments and agencies, 150 bureaus and divisions, and over 400 field offices in the Federal Government. Each is striving in its own way to resolve the problems facing our society and to relieve the burdens of our citizens. But, this system of federalism—as much as it may protect us from the dangers and pitfalls of undue centralism—is so complicated and is all too often working at such cross-purposes that our society might collapse in spite of good intentions and honorable efforts. Many provisions contained in the Intergovernmental Cooperation Act can, I believe, assist us in bringing some degree of order out of this chaos.

Efficient organization, however, will not in itself meet our needs. Adequate resources must be found to finance the programs administered by an efficient organization.

GRANT-IN-AID PATCHWORK

Today, close to \$20 billion is being appropriated by the Federal Government to assist State and local governments in their endeavors. But, here again, this assistance is being extended in such a patchwork, helter-skelter fashion that priority needs are frequently not being met.

Over 200 categorical grant-in-aid programs, under 500 or more authorizations, have been established to administer this \$20 billion in

Federal financial assistance. Duplication and overlap in program areas are rampant. Eight departments and 12 agencies conduct or support health programs, while 10 departments and 15 agencies are engaged in supporting or conducting educational training and related programs. There are approximately 72 grant-in-aid programs in the field of health and 120 in the field of education.

This jungle of redtape can only have the effect of strangling the efforts of governments—Federal, State, and local—in their efforts to solve our problems.

How ludicrous it is that, on the one hand, the Federal Government is imposing greater requirements upon State and local governments to develop comprehensive plans for meeting the entire needs of a community while, on the other hand, it persists in maintaining the jumble of categorical grant programs that disrupts planning and disregards priorities.

INTERGOVERNMENTAL COOPERATION ACT

The Intergovernmental Cooperation Act would seek to improve this situation in both my bill and the administration's by (1) improving the administration of grants-in-aids; (2) permitting Federal departments and agencies to provide special or technical services to State and local units of government; (3) providing for the coordinated formulation, evaluation and review of urban development programs and projects and the administration of grant-in-aid programs in a manner which will achieve this purpose through coordination with the views, objectives and comprehensive plans of State and local governments; and (4) requiring that the acquisition, use, and disposal of Federal land be consistent with zoning and land-use practices and in accordance with planning and development objectives of local governments.

In addition to these provisions, however, I strongly urge that the subcommittee give careful consideration to certain titles in my bill which are not contained in the administration's bill.

REVIEW AND CONSOLIDATION OF GRANT-IN-AID PROGRAMS

Two of these titles deal directly with grants-in-aid. One would direct the Congress to periodically conduct reviews of those grant-in-aid programs which have no expiration dates. Anyone familiar with the layer upon layer of Federal programs enacted over the years knows the necessity for conducting such periodic reviews in order to weed out low-priority or obsolete programs and, thereby, free money for more important purposes.

Even more important is title VI of my bill which establishes a system for the executive branch, working in close cooperation with the Congress, to consolidate categorical grant-in-aid programs.

As discussed hereafter, the Joint Funding Simplification Act takes a step in this direction. But, as much as I favor such a proposal, it does not go as far as is required to modernize and make more efficient the Federal effort to assist State and local governments.

These units of Government, as discussed previously, are frustrated and hamstrung in their efforts to plan intelligently and to fund adequately those programs which they believe are necessary to meet the

priority needs of their citizens. A major cause is the proliferation of categorical grant programs with their varied objectives and operating rules, conflicting priorities, differing matching formula requirements and time periods, et cetera. An equally disruptive cause is the almost impossible burden that is placed upon State and local government—especially smaller units—to comprehend and fight their way through the myriad of different Federal agencies, administering hundreds of different programs, in order to obtain the necessary assistance to meet their objectives.

A clear need exists, then, to consolidate related categorical grant programs into as few unified ones as possible and to couple this consolidation with the elimination of burdensome and conflicting administrative requirements. Title VI of my bill does provide a reasonable and efficient means of accomplishing this without jeopardizing the prerogatives of Congress or the President.

UNIFORM RELOCATION ASSISTANCE

Title VIII of my bill involves another important grant of authority which is vital to the well-being of citizens, which is essential to sound urban administration, but which is absent in the administration's bill. That relates to uniform relocation assistance.

The Secretary of Transportation transmitted to Congress in June, 1967, the "Highway Relocation Assistance Study." This showed that about 168,000 individuals, families, businesses, farmers and nonprofit organizations will be displaced through highway programs during the 3-year period, 1967-1970. About 23 percent of these will be from rural areas and 77 percent from urban areas. Senator Muskie has estimated that over the next 10 years, over 1 million families and individuals, 180,000 businesses and 40,000 farm operators will be displaced as a result of Federal or federally assisted programs. Even more significant, the majority of those displaced will be from low-income groups, small businesses and marginal farmers—those who can least afford the costs of relocation. Yet, as shocking as it may seem, most Federal programs, requiring relocation, pay little if any relocation costs and those that do pay operate under inconsistent rules and standards.

Much talk is made about equity in Government and about the need to help those who are in need. It seems only just and reasonable, then, for the Federal Government to put its own house in order by establishing a fair and rational program for compensating those forced to move because of actions taken by the Federal Government itself.

UNIFORM LAND ACQUISITION POLICY

Closely related to the above title is title IX of my bill—also missing from the administration's bill—which seeks to lay down policies and procedures for the fair and equitable acquisition of land by the Federal Government. Just as individuals and businesses are made to suffer in having to relocate without adequate compensation, so too are they made to suffer by unfair and harmful land acquisition practices. The title seeks to correct this and also to lay down similar

policies and practices concerning the acquisition of land by State and local governments, financed by Federal financial assistance.

JOINT FUNDING SIMPLIFICATION ACT

Turning to the Joint Funding Simplification Act, I will take but little time to discuss the necessity for its enactment.

I view this act as an important first step in rationalizing and in streamlining the grant-in-aid programs. It requires Federal agency heads, who administer the many grant-in-aid programs, to identify programs suitable for joint administration, to develop guidelines for their administration, to establish or modify requirements in order to facilitate joint administration, to promulgate common technical or administrative rules, to create joint or common application processing and project supervision procedures, to expedite the processing of applications, to provide necessary delegation of authority in order to effectuate joint administration, to establish joint management funds, and to develop effective cooperative arrangements with State and local governments.

This act can in no way be considered as a substitute for consolidated or bloc grants. Nor can it be considered a substitute for broader measures aimed at improving the administration of Federal grant-in-aid programs. It does represent an important beginning in this direction, however, and should be enacted for that reason.

NEED FOR MORE BASIC OVERHAUL OF GOVERNMENT

As necessary as I believe these two acts to be, however, in improving economy and efficiency in Government, I must take one final moment to stress the fact that we must not delude ourselves that their enactment will solve all our problems.

Intergovernmental cooperation and joint funding simplification should make the administration of Federal financial assistance more efficient, should free more money for priority needs, and should facilitate improved planning and operations by State and local government. But, unless we can allocate far greater sums to the cities and to rural poverty areas and unless we can dramatically rationalize and strengthen management and administration in the executive branch, these measures now before us will, I fear, have little effect.

As indicated above, about \$20 billion a year is now granted to State and local governments through Federal assistance programs. Even if this was all spent efficiently on priority needs, it still would be inadequate. More money must be found and, yet, found in a way which does not impose additional financial burdens upon taxpayers or additional strains upon our monetary and fiscal operations. The end of the Vietnam war will free some additional revenue, but we should not deceive ourselves as to how much this will be. Thus, what is required is for Congress and the President to devise the means to establish effectively priority spending policies and to provide the proper vehicles for carrying these policies through. Early in this Congress, I introduced legislation to implement the first part of this requirement through H.R. 526—Commission on Executive Reorganization—and H.R. 115—Commission on Public Management. At the present time, I am in the proc-

ess of having drafted another bill which would enable Congress to earmark funds for priority programs without unduly burdening budgetary requirements.

Turning to the need for improved coordination of Federal programs and operations, I have introduced legislation over the past few Congresses to establish in the Office of the President, the Office of Urban Affairs and Community Development. My bill in the present Congress is H.R. 518. Although we have created a Department of Housing and Urban Development, and although there have been established many interagency coordinating devices, there still does not exist a centrally located office within the executive branch, headed by one individual close to and speaking for the President, who can rapidly cut through redtape, knock heads together, shake out lethargy, eliminate delays and inefficiencies, pinpoint bad practices, impose improvements, and overall see to it that the Federal Government operates in a way which, in effective coordination with State and local government, meets the needs of the people.

Until these steps are taken, Mr. Chairman, enactment of all other pieces of legislation can only be halfway measures.

Mr. BLATNIK. Thank you very much, Mrs. Dwyer, for your very fine and informative presentation.

We are privileged and honored, and certainly appreciative to have as our next witness the Honorable Calvin Rampton, the Governor of the State of Utah, who is representing the National Governors' Conference.

Thank you for the special effort you made to be with us this morning, and for your patience in putting up with the earlier inadvertent delay.

May the record also show that Governor Rampton is chairman of the Governors' Committee on Education, and chairman of the Education Commission of the States.

Governor, I see you have a prepared statement. Would you please proceed at will? You may read the entire statement if you desire, and then we will have the discussion and interrogation.

STATEMENT OF HON. CALVIN L. RAMPTON, GOVERNOR OF THE STATE OF UTAH, ON BEHALF OF THE NATIONAL GOVERNORS' CONFERENCE

Mr. RAMPTON. I will not read the entire statement. There are certain parts I would like to read.

Mr. BLATNIK. You may proceed as you wish.

Mr. RAMPTON. I appreciate very much the opportunity to appear on behalf of the National Governors' Conference.

At the recent midyear meeting of the conference, the Governors' Conference adopted a recommendation urging the passage of the Intergovernmental Cooperation Act of 1968.

Furthermore, the conference considered this legislation to be extremely helpful in promoting the cooperation and coordination of activities among all levels of government.

I don't think I have to tell this committee—it has been told many times, I am sure, by other Governors—that the great number of cate-

gorical grants available to the States has caused a considerable amount of difficulty in administration on the part of the States. This is particularly true in a State such as mine where the State legislature meets only for 2 months biennially; and, yet, we have to adapt ourselves to rapidly changing situations in categorical grants, and sometimes it is most difficult for us to do it.

As a result, there have been times when we have had to allow available grants to go unused simply because we couldn't get the legislature in session to make the necessary changes in State law to permit us to adapt to these grants.

I think a change to the block grant concept such as is here proposed would allow the States a great deal more flexibility.

The State Urban Relations Committee of the Governors' Conference addressed itself to this problem in a resolution adopted in October of 1967, and I would like to read this into the record.

A basic consolidation in the number of categorical grants-in-aid must be undertaken by the Federal Government. To the maximum extent possible, categorical grants within the same functional area should be consolidated into a single program, with a single set of statutory requirements and a single authorization and appropriation and be administered by a single Federal agency. It is quite feasible that the number of separate grant authorizations can be reduced by half the present number without sacrifice of essential national priorities in the provision of financial assistance to the States and localities.

In order to facilitate meaningful consolidation of grants-in-aid, Congress should pass enabling legislation to allow the President to submit consolidation plans. After due consideration in Congress and without negative resolution, the proposed consolidation would become effective.

The grant-in-aid in the field of health, the block grant, has been a test case, and I think it has worked well, and is working well; at least, it is working well in my State. We have prepared and submitted our comprehensive plan, and I understand from the other Governors that it is working well in their States.

The Department of Health, Education, and Welfare has been cooperative. At first, we were worried that they might use the power to approve the plan as practically putting the thing back into the basis of a categorical grant, but that has not been so. They have been cooperative in approving the plans as submitted where, in fact, they were within the general scope of the block grant.

I would like to say a word about one other provision in the bill relative to the urban lands, both the acquisition and disposition of urban lands by the Federal Government. I would like to see this section amended to provide that it apply to all Federal acquisition and disposition of land in the States.

Most of our States at the present time are attempting to zone their rural land. The problem of rural zoning is just as important to the States as is urban zoning, and we are able to do a better job of rural zoning at the present time simply because we have the development there, and we have an early start. But if we could have the proposal here made extended to rural lands, it would facilitate our zoning.

I have a particular problem in my State right at the present time in that a military installation known as Fort Douglas has been declared surplus, and we are right now battling to see how it is going to be disposed of. If it goes back to the Bureau of Land Management for disposition, we will be all right. But if—as appears probable—it goes to

the GSA for disposition, I am very, very fearful that it is going to be disposed of in a way that won't be in keeping with our city planning at all. And this proposed provision in this bill, if enacted, would protect us whether it goes to GSA or back to the Bureau of Land Management.

All in all, I think that this is an excellent bill. The Governor's Conference is favorable to it, with some minor modifications and amendments that appear in my prepared statement, which I would like to have entered as part of the record.

Mr. BLATNIK. Without objection, it will be so entered.

Mr. RAMPTON. I have no further statements. If there are any questions by members of the committee, I will respond as best I can.

Mr. BLATNIK. I have many, many more questions—not of you, but on the whole subject matter.

I do have one question which I think is somewhat pertinent. That concerns the relationships between the Congress, which is a legislative body, and the State legislators. I notice that so many Members of Congress have started off by being members of the State legislature, so there is a personal kinship and a personal relationship that exist in addition to the similarity of the functions of the two.

In all the years I have been in Congress, I have noticed almost a complete absence of any line of communication or contact with the legislators.

While you are not a spokesman for the legislature, and I don't intend it in that way, can you give me any reason for this? Is it because it is hard to deal with any one or two people when you have single agency heads within the States?

Mr. RAMPTON. Mr. Chairman, I don't feel there should be a direct relationship between the Congress and the State legislators. You are not going to prevent any indirect relationships, naturally, because you have friendships and political ties. But if you have a Federal Government program that is to be administered in cooperation with the State government, the obligation of the Congress is to enact the laws under which it is administered, and the obligation of the State legislature is to enact the laws on a State basis that will permit the State to cooperate. But the execution of the program should be through your Federal departments and through the office of the Governor. And I believe there should be no line of authority, as such, running from the Congress to the State legislators.

Mr. BLATNIK. I agree with you. I wasn't referring to a line of authority. I was just thinking about the need for or the possible benefits of something just in the interest of better understanding of each other's problem, or why certain things are done; if there is some form of communication, even if it is rather indirect and informal.

Mr. RAMPTON. I think it probably could be established through the Council of State Governments, which does have a legislative branch; and I think it would make a good point of contact for establishment of understanding between Members of the Congress and members of State legislatures.

Mr. BLATNIK. I have noticed in many areas where grant programs or other Federal programs which require State participation or State enabling legislation as well as appropriations, that quite often the

States weren't too clear on what we had in mind. Often we didn't realize that we were proceeding without realizing that there were quite serious problems that, had we worded our program a little differently, might have made it a little easier to be compatible for State participation.

Mr. RAMPTON. That, of course, is particularly true, Mr. Chairman, where you do have a categorical grant that is very stringent in its requirements.

For example, the requirement that a single State agency shall be designated as the administrative agency. Well, that often means that a State has got to make some change in its governmental structure in order that it can qualify.

Well, if, as a Governor, you take to a rurally dominated legislature a proposal to change your structure in the State government merely in order that you may bring yourself in compliance with a Federal requirement, whether it be a law or a regulation, you are going to have an awful time convincing them.

Governor Bryant was out talking to my legislature about a year ago, and he was told rather forcefully—and I will have to say, rather crudely—by the Speaker of the House that the Speaker of the House didn't want him out there nosing in, that they had run things themselves out there.

And I apologized to him a number of times, and I apologize again; but it shows what you are up against when you try to convince a rurally dominated legislature that they have to bring this into conformity with the Federal Government.

Recently, I have been trying to get around this, and I have been doing it by sometimes appointing administratively some agents on a mental retardation program. In order to get a single State agency, I created administratively what I called an interdepartmental coordinating council. Actually, this program had to be divided between three departments of my State government: The department of education, the department of health, welfare, and corrections, and the industrial commission, which has the employment security branch in it.

Well, in order to get a single State agency, I had to create administratively an interdepartmental coordinating council, on which I put representatives of each one of those departments. To my mind, that was sort of a sore thumb on the State administrative department. It was something that didn't belong there. It was an extra layer of administration that I had to put in there merely to conform to the Federal requirement that I have a single State agency designated for administration. Whereas I could very well have done with directing the three departments and achieving coordination merely by staff liaison between the departments without this new agency, which had to have a staff and everything else on it.

Mr. BLATNIK. This bill will help the situation.

But, again, I am getting back to my rather general discussion. I can't help but feel if there were some form of communication, where some of the State legislators could be made to understand why the Federal Congress requires the single-agency approach in a given program, it would be of some benefit. Likewise, I am sure we might learn of some of their problems and some of their thinking, too. I think it

could help the Governor in trying to persuade his legislators to try to comply with Federal criteria and Federal requirements which were beyond his control in their shaping.

Mr. RAMPTON. I would agree with you, certainly; and the Office of Emergency Planning has been making some progress along that line. We have had joint meetings in the States and also here at Washington, and I have attempted to involve the legislative leaders in that. That gives a contact between the executive branch of the Federal Government and the State legislators for the purpose of informing the legislators. It doesn't give the contact you spoke of with the Congress.

Certainly, I would be pleased to recommend to the Council of State Governments the establishment of some liaison with the Congress and their legislative branch.

Mr. BLATNIK. We have had some contact with the Council. We shall pursue this with them.

I didn't mean to divert you. Thank you for your presentation and your moral support. I am sure you and the Governors will not only give this reevaluation serious review, but you will make every effort to come out with as sound, practical, and workable a bill as possible which would be better than nothing. Some aspects are too controversial for the time being, perhaps, and maybe it would be worthwhile to drop them. Once a record of experience and performance has developed, we would be in a better position to reassess and reevaluate the implementation of this program. We shall make every effort to act on this legislation during this session.

Mr. Brown, did you have a question?

Mr. BROWN. I would like to ask the Governor a couple of questions, if I may.

Governor, I am interested in your comments about the rural Federal property. I would concur in your viewpoint, as expressed in your testimony, that the rural property should also be given the same consideration as urban Federal property.

I was interested in your comment about the rural-dominated legislature and the concern they may feel about compliance with Federal requirements, either written into the law or put in administratively.

Wouldn't it be a good idea, perhaps, if the legislature was also advised by the Government under this legislation as to what programs were functioning in the State?

Mr. RAMPTON. Yes; I think it would be a very good idea. I believe that this law, of course, provides that the office of the Governor be advised as to Federal programs that are put into operation in his State.

As a matter of fact, I do keep the legislature advised. But I think it would be good to have it in this bill—that the State legislative leaders also be advised.

Mr. BROWN. And, if I understand the language of the bill correctly, it provides that you be advised only of the programs that go directly to the State. It seems to me that it would be beneficial if you were advised of the program which goes to local agencies of government as well as to such functioning groups as community action agencies.

Mr. RAMPTON. It would be most helpful. Actually, of course, we do get the information on community action programs because the

OEO, as a matter of policy, does inform the State. But there are other agencies which do not always keep the State governments informed.

Mr. BROWN. I don't know whether it is written into the law.

Mr. RAMPTON. I don't know, but they do.

Mr. BROWN. If not, it would be extremely desirable.

Mr. RAMPTON. They fund in each State what we call a technical assistance office and, as a matter of procedure, we advise the technical assistance office of all OEO grants in the State. And, of course, in turn, I would assume each of the technical assistance offices would keep the Governors advised, because actually they are a branch office.

Mr. BROWN. I notice at the bottom of page 3 and most of page 4 your strong suggestion that the number of categorical grants-in-aid be reduced and the grants be consolidated or broadened; and I would presume that this would also include, to a degree, at least, a broadening of the requirements which are set by either the law as written in Congress or the regulations governing the distribution of grants-in-aid. By "broadening of requirements," I mean the writing of those requirements in such a way that they would fit a State such as your own, which has many less people but many more square miles than a State such as mine, Ohio, so that the necessity of your adjusting your State organization to qualify wouldn't be so frequent.

Mr. RAMPTON. That is right.

Now to go back to the health block grant. As I recall, there were some 17 categorical grants that had been available in this field, and they were put together into one block grant. The general scope of the block grant was the same as the total scope of all those 17 categorical grants that you had before. There was no difference in the overall scope. But it was left up to the State to prepare and submit a plan to the Department of Health, Education, and Welfare which would determine how these funds would be utilized within this overall area, without having to comply with the details of each one of these 17 categorical grants that so much will go here, and so much will go here, and so much will go here.

Now, if you have to comply with those details, some of this money is not going to be used in the way it could render the best service, because while each of these categorical grants, I am sure, that Congress or the Department devised to, in their opinion, meet the best needs of the typical State, there is no typical State. Each State differs. And I think I am in a better position, through our planning agencies out there, to direct how this plan shall be in our particular State and where emphasis shall be and where there shall be little emphasis—subject, of course, to the right of the Department to approve or reject the plan.

Mr. BROWN. In the nature of things, as a matter of fact, Governor, the Federal Legislature is becoming not so much a rural-dominated legislature, but an urban-dominated legislature, and particularly a coastal-dominated legislature, because of the shifts in our population. And States with a low or moderate population, such as yours, or States which are essentially agricultural States, may not be getting quite the consideration for the specialized kind of problems they have out of the Federal Congress as they might receive, and this should

lead us toward a consideration of a broader interpretation of the localized needs of the States.

Mr. RAMPTON. I agree with that. I wasn't being critical of rural-dominated legislatures. I am a rural boy myself. But the fact remains that it does give you a problem.

Nor am I taking the position that we should do away entirely with categorical grants. There are areas where I recognize the categorical grants are desirable.

But I think in many places we could get a consolidation.

Mr. BROWN. Whether we call them consolidated grants or block grants, or even a forgiveness on the Federal income tax that would return certain moneys to the States for their independent use, revenue sharing, it seems to me that the Congress—and I think you would concur in that—must give consideration to the factors of diversity which exist in our country and the specified needs of the States, as well as the specific kinds of State organizations which may be peculiar to an area and be the best governmental unit for that area.

Mr. RAMPTON. Yes; and I don't think the Congress is in a position to provide in legislation all the myriad of detail it would take to make each grant applicable to each particular State. Therefore, I do believe in the block grant. I am not in favor of revenue sharing as such. Most of the Governors are, but I don't favor it.

But I think if you will give us some more latitude in the States to adapt the programs to our particular State, that they will be better administered.

Mr. BROWN. One final question. We hear frequently that the reason the Federal Government had to get into all of these categorical grants in the first place was because of the failure of and the inadequacy of the State to do the job. Do you have a reaction to that?

Mr. RAMPTON. Yes, I do. I think that is generally true. And I said a few minutes ago that I wouldn't favor the elimination of categorical grants in all areas. I can see areas in my own State, and I am sure there are some in other States, where we need the pressure of this Federal grant to get our programs going along a certain line.

And while I would favor a movement toward block grants, there are many areas yet where I believe the categorical grants are necessary in order to get a State planning and going along in certain areas in which the States have been backward.

Mr. BROWN. Do I sense you feel the winds of change at the capital level and the local government level so if the programs were block programs or consolidated categorical programs, that we would get the kind of localized and specific administration that would best serve the interests of the State?

Mr. RAMPTON. That's right. I believe that there are many areas where you have had categorical grants in the past and where they were necessary in the past but could be changed into the block grant theory now, and you would find the State having accommodated to that. Now you would be in a better position probably to administer the program and to dictate changes in the program than you would have been had we never had a categorical grant in the first place. You are finding a great deal of change in the statehouses in this regard.

Mr. BROWN. Thank you.

Mr. BLATNIK. Thank you very much, Governor.

Mr. RAMPTON. Thank you, Mr. Chairman.

(The prepared statement of Governor Rampton follows:)

PREPARED STATEMENT OF HON. CALVIN L. RAMPTON, GOVERNOR OF UTAH, ON
BEHALF OF THE NATIONAL GOVERNORS' CONFERENCE

Mr. Chairman, members of the subcommittee: It is a pleasure for me to appear before you this morning in support of the Intergovernmental Cooperation Act.

The National Governors' Conference has long been on record supporting such legislation. At the recent midyear meeting of the conference, the conference adopted a recommendation urging the passage of the Intergovernmental Cooperation Act of 1968. Furthermore, the conference considered this legislation to be extremely helpful in promoting the cooperation and coordination of activities among all levels of government.

This recommendation reflects the growing concern of the Nation's Governors with the proliferation of Federal grants-in-aid. We have long urged, in testimony before the committees of Congress and by resolution at our annual meetings, the need for developing new techniques to improve and stimulate cooperation at the various levels of government.

We strongly feel that the Intergovernmental Cooperation Act is a vehicle for improving relations between Federal, State, and local governments.

The title providing for improved administration of grants-in-aid to the States would arm the States' chief executives with sufficient means to bring about a greater degree of regularity and financial planning and budgeting for all the funds expended in State government operations. The section providing for full information on grants-in-aid to the Governors of the States is essential if the Governor is to function as an efficient chief executive. While some progress has been made in some States to insure full information to the Governor, this proposal would insure all Governors of timely information on grants-in-aid to his State.

The "single State agency" concept is often times a significant deterrent to effective State organization and reorganization. This requirement, and the manner in which it has been defined by regulation, has created some problems in the States. In recent years, an attempt in Oregon to reorganize State administrative agencies into six major departments was stymied over this requirement. A proposed social services department, which would include health, education, and welfare, was opposed by Federal agencies because it interposed an overall department head between the Governor and the administrators of aided programs. Hawaii and Wisconsin have also reported reorganizational difficulties due to the same single agency requirement. Therefore, the section of the Intergovernmental Cooperation Act authorizing Federal departments and agencies to waive this requirement and approve other forms of administrative organization is heartily endorsed.

Title III, permitting Federal departments and agencies to provide specialized or technical services on a reimbursable basis to State and local governments, properly reflects the partnership needed in strengthening the service features of all levels of government. In Utah, for example, we are developing a statewide urban affairs program. With the provisions of title III, Federal agencies with expertise in the urban planning field could be drawn upon to more efficiently meet the needs of the State and local governments in the area. The increasingly complex and technical nature of State and local governmental activities, along with the soaring cost of providing technical personnel and equipment, highlight the pressing need for this permissive provision.

Title IV, calling for the development of a national urban systems policy for coordinating machinery among Federal departments and between the Federal Government and other levels of government, would complement programs such as Utah's urban affairs program. The National Governors' Conference has in the past gone on record supporting the general provisions of this title, and I join in urging that every consideration be given to this provision of the legislation.

Also, with the increased pace of State planning activities in the last few years, the section in this title calling for full consideration of "all viewpoints—national, regional, State, and local—" in planning urban development programs is even more significant and necessary. The provision of this section of the act favoring

units of general local government as recipients for Federal grants-in-aid is wise, and as a matter of good governmental policy, general purpose governments rather than existing or proposed special districts, should be encouraged to undertake those tasks which they can best perform.

Now turning to the land acquisition title, I would like to propose for your consideration that the provisions of this title be extended to rural areas also where they are, or might be, practical. While generally supporting the philosophy underlying the title dealing with acquisition, use, and disposition of land within urban areas by Federal agencies, I feel that such an amendment would serve the needs in many States such as Utah.

The Governors of the States have long recommended that the various Federal grant-in-aid programs be consolidated to more efficiently and effectively meet the needs of the Nation and the States. At the same time, this consolidation would give a Governor more flexibility in meeting the particular needs of his State. Therefore, it is respectfully suggested that this subcommittee give consideration to amending H.R. 16718 to include a title providing for the consolidation of Federal grants-in-aid.

Consolidation, on the scale required, will not be easy. There will be pressures from both within and without government to maintain the present proliferation and categorization of grants-in-aid programs.

The Governors' Conference in a study by the State-Urban Relations Committee published in October 1967, addresses itself to this problem, and I quote:

"A basic consolidation in the number of categorical grants-in-aid must be undertaken by the Federal Government. To the maximum extent possible, categorical grants within the same functional area should be consolidated into a single program, with a single set of statutory requirements and a single authorization and appropriation and be administered by a single Federal agency. It is quite feasible that the number of separate grant authorizations can be reduced by half the present number without sacrifice of essential national priorities in the provision of financial assistance to the States and localities.

"In order to facilitate meaningful consolidation of grants-in-aid, Congress should pass enabling legislation to allow the President to submit consolidation plans. After due consideration in Congress and without negative resolution, the proposed consolidation would become effective."

Furthermore, consolidation would greatly facilitate State planning efforts. Some States have repeatedly sought to submit comprehensive plans that would interrelate the various programs within broad functional areas. The distortion effect in State budgetary decisions would also be reduced. At present, for example, the scattering of categorical programs tends to induce States and localities to concentrate their own financial resources in those programs which are matched by Federal funds and to leave their own nonaided programs underfunded.

Closely related to the grant consolidation concept, is the idea of joint funding of Federal grants-in-aid. As I understand, your subcommittee concluded hearings yesterday on the Joint Funding Simplification Act. This is an area of vital concern to the States' Governors, and I again urge that serious consideration be given to the joint funding proposal.

In conclusion, I feel that H.R. 16718 is a far-sighted proposal. It recognizes that our system of cooperative federalism is strengthened by strong governments at every level. It properly acknowledges that the Federal grant-in-aid devices underlie most functional and operating intergovernmental relationships. Since this area is currently undergoing rapid evolution in both form and focus, it is today more essential than ever before that our partnership system work at its greatest potential efficiency. I feel that the Intergovernmental Cooperation Act represents a significant step toward harmonizing and improving important aspects of Federal-State-local relations. Therefore, I urge you to take prompt and favorable action on this proposal, but it is sincerely hoped that the Intergovernmental Cooperation Act will be but the first of a series of needed proposals designed to keep our continually evolving Federal system viable.

Thank you.

Mr. BLATNIK. Our next witness is Mayor William F. Walsh of the city of Syracuse, N. Y., representing the National League of Cities and the U.S. Conference of Mayors.

You may read your prepared statement if you wish, or it will appear in its entirety in the record. You may proceed at your convenience and as you wish. Make the presentation the way you would like.

STATEMENT OF HON. WILLIAM F. WALSH, MAYOR OF SYRACUSE, N.Y., ON BEHALF OF THE NATIONAL LEAGUE OF CITIES AND THE U.S. CONFERENCE OF MAYORS; ACCOMPANIED BY PETER HARKINS, OF THE NATIONAL LEAGUE OF CITIES

Mr. WALSH. I would prefer to read the statement, Mr. Chairman. I think it is a rather comprehensive one. We are very concerned about the bill.

Mr. BLATNIK. Please proceed.

For the purposes of the record, Mayor Walsh, will you identify your assistant?

Mr. WALSH. Mr. Peter Harkins, of the National League of Cities.

Mr. BLATNIK. Please proceed.

Mr. WALSH. I am William F. Walsh, mayor of Syracuse, N.Y., and a member of the National League of Cities' Intergovernmental Relations Steering Committee. I am also privileged to serve on the Advisory Commission on Intergovernmental Relations. I am here representing the National League of Cities and the U.S. Conference of Mayors, representing over 14,400 cities, in support of HR. 16718, H.R. 12631, H.R. 5522, and similar measures. These measures, together, would do much to strengthen intergovernmental relationships and improve the vast Federal grant-in-aid system.

The grant-in-aid system has brought substantial relief to cities. Without this expression of Federal concern for national urban problems, many cities would have been totally unable financially to cope with all the problems facing them. But like any giant system which continues to grow, there comes a time when it requires critical examination and overhaul to assure that the system is accomplishing the objectives Congress has set out for it. This improvement process has begun through concerted efforts by the administration and Congress to improve coordination and expedition of administration.

There are now some 400 individual grant-in-aid programs to State and local governments, each with its own and sometimes limited objectives, and sets of operating rules and regulations. The grant-in-aid proliferation is causing a general lack of uniformity and priority among all the programs and a decided lack of coordination in administration of the programs. But most of all, we find a general lack of understanding of individual city needs by the administrators of these programs and of the programs themselves, and we also find that some are not being designed and especially administered so as to be responsive as they could be to local needs, priorities and timing.

It is our purpose, with the experience gained as recipients, to offer constructive criticism of the system and evaluation of what we feel these bills will contribute toward improving the aid mechanism.

Time does not permit a detailed discussion of each of the provisions of these bills, some of which, I might note, we have already testified on when this committee considered similar legislation in earlier years. May we, therefore, request that we be permitted to submit such addi-

tional supplemental statements as may be necessary on any of the bills' provisions and also note that our staff stands ready to provide additional assistance and consultation as you and the committee staff may require.

H.R. 16718

Title III would grant authorization to all Federal departments and agencies to provide technical assistance and services to States and local units of government. Such authorization is already established in certain grant-in-aid programs. Experience with this assistance has been excellent and speaks well for the need and benefits to come from title III of H.R. 16718.

Cities are facing unprecedented demands for services and operations requiring the most modern methods of management and technology. Planning and implementation of city programs, including utilization of Federal grants-in-aid, demand a high degree of expertise and specialization which not all cities, especially smaller ones, can afford to provide themselves full time. Thus, where the Federal agencies have developed expertise in many of the technical areas of the grant programs and have the facilities and capability to make assistance available to cities, it would aid cities in the improvement of services to citizens, would enable them to employ techniques otherwise unavailable to them and would also benefit the Federal Government by insuring wider and more effective utilization of Federal assistance.

Title IV of the bill establishes one segment of greatly needed national urban priorities and policies by declaring the intent of Congress to achieve coordinated intergovernmental policy and administration of grants for urban development. In the case of all three bills, we strongly endorse the emphasis on the responsibility and authority of the President in the area of coordination. The coordination and administration of grant programs is wholly a responsibility of the Executive. Congress' concern is that these programs are administered efficiently and that the congressional intent is fulfilled. The Executive should be expected to consolidate and simplify wherever possible to assure greatest effectiveness of the programs. Emphasizing the Executive exercise of this power does not remove legislative prerogatives.

Dwelling a moment on coordination, we feel this executive responsibility has been given too little direct attention in the entire grant-in-aid system.

One of the prime objectives of the model cities program is to bring about local coordination of available Federal resources and to provide a definite mechanism for this coordination. Yet, the 75 cities already involved in model cities planning, are experiencing serious difficulty in achieving this objective. If they are finding this sort of difficulty in a program specifically intended to achieve greater coordination of Federal resources, I need not paint a detailed picture of the grim problems of coordination of the more than 400 separate grant programs. We must learn from the experiences being gained in model cities and apply them elsewhere.

We, therefore, feel that the President must clearly be given the directive as well as the tools to vigorously pursue greater interagency cooperation.

We fully support section 402, which authorizes preference in assigning grants or loans to general purpose units of local government. The proliferation of special districts frustrates the sound and economical growth of urban communities. Moreover, we are increasingly concerned with the lack of representation and responsiveness to the citizenry and general units of local government demonstrated by special districts. Special districts thwart coordination, multiply the confusion, redtape, and delay in achieving comprehensive governmental purposes, and give unfair and overly great competition to general units of local government in obtaining scarce resources, especially property tax revenue.

Special district problems must primarily be rooted out at the State level where State constitutions and statutes permit indiscriminate creation of these units on the one hand but often force their creation on the other by severely limiting the powers and authority of general units of local government.

While it is sometimes true that these aberrations are sanctioned by frustrated city officials or those city and especially county governments unwilling to provide needed urban services, the Federal Government's grant-in-aid system has contributed to the problem by encouraging the continuing use of these units by making them eligible for grants in competition with general units equally capable of providing the required service.

This provision will be a major step in promoting sound and efficient local government. The States and local governments will not be able to ignore the fact that the Congress has recognized that special districts are no longer suitable or appropriate to receive Federal assistance and hopefully spur State corrective action.

With the rapid development of regional problem solving and the emergence of regional councils of government and planning organizations on which locally elected officials serve, we urge that every encouragement and assistance be given these organizations over special districts and recommend that appropriate language be added to section 402 to this effect.

Title V establishes an equitable and fair policy governing the acquisition, use, and disposition of Federal properties in conformity with land utilization programs of affected local government. The Federal Government owns vast and valuable parcels of land in or near cities. On these holdings in many cities, the U.S. Government has constructed structures, frequently in violation of local standards to which similar structures owned or operated by nonpublic owners must comply. In many cases, Federal ownership of property in urban areas has led to direct violations of local codes which have been enacted for the purpose of protecting the public health, safety, and welfare of the community. The provisions of title V will help to solve these problems, problems which frustrate effective intergovernmental relations.

In particular, title V establishes a policy governing the disposition of Federal property. In many cases, the Federal Government has disposed of its property for uses which will be in violation of local codes, particularly as they relate to land use and zoning. This legislation will require, as a minimum, the Federal Government to apprise prospective purchasers of the existence of local regulations governing the

use of property and local governmental units of the possible disposition of Federal property. Disclosure of Federal land dispositions will permit more effective enforcement of local land use regulations.

H.R. 12631, JOINT FUNDING SIMPLIFICATION ACT

We understand that the committee is considering H.R. 12631 separately from the Intergovernmental Cooperation Act. We want to emphasize that we feel H.R. 12631 is a most necessary companion measure to complement the bills we are discussing today. I have a statement of the National League of Cities and the U.S. Conference of Mayors in support of this measure with me and, in order to save time, may I be permitted to offer it for inclusion in the record? I will be most happy to respond to questions on this statement later.

Mr. BLATNIK. Mayor Walsh, we concluded the testimony on the Joint Funding Simplification Act yesterday morning, so your statement pertaining to the joint funding simplification proposal will appear in yesterday's hearing.

Mr. WALSH. H.R. 5522 and others.

We strongly support all the provisions of the bills, H.R. 5522 through 5527, which deal somewhat more extensively with the grant-in-aid system than does either H.R. 16718 or H.R. 12631. Five of the titles of 5522 and others are almost identical to those of H.R. 16718. There are three others, however, which we especially would like to comment upon and recommend that they be incorporated into H.R. 16718.

TITLE VI. GRANT CONSIDERATION

The present narrow and independent project approach of Federal grant programs, compounded by the sheer number of such grant programs, is disruptive of comprehensive planning designed to develop and program broad community attacks on urban needs. Cities, because they urgently need funds, are encouraged by the present system to abandon well developed priorities to enter competition for Federal funds where they are available and to concentrate on applying for individual Federal programs. If cities are to acquire the capability to plan and act on total programs, they must not be thwarted by large numbers of individual programs which must be fitted together, often unsuccessfully, like pieces of a jigsaw puzzle. The emphasis of Federal assistance management must be aimed at combination and consolidation of the myriad of grant programs to cities. The emphasis must be on packages of broad programs which complement each other and city comprehensive planning.

What, specifically, would grant consolidation mean to cities? First, since few city problems are isolated from other related problems it would enable a city to deal broadly with the entire malady rather than have to attack individual symptoms piecemeal. Second, cities would have to look to perhaps as few as one-fifth or one-sixth as many programs as they now do. Third, the direct Federal-city relationship would be improved in that we would have to deal with far fewer agencies and become entangled in far less frustrating redtape and delay. Consolidation would markedly contribute to processing expedition.

Fourth, increasingly, Federal programs require applicants to develop a comprehensive plan for a grant project. Therefore, the objective of the Federal grant-in-aid programs should be to encourage the utilization of federally aided programs which match the comprehensiveness of the local plan and which are responsive to local needs and priorities, not to fragmentize and disrupt these priorities.

TITLE VIII. UNIFORM RELOCATION ASSISTANCE

It costs no more or no less to move a family or a business because the family or business was displaced by an urban renewal project rather than an interstate highway or local code enforcement program or any other kind of project. Yet, the amount of Federal financial and non-financial assistance available to assist cities relocate families or businesses in the fact of Federally supported projects varies astonishingly from program to program.

The Advisory Commission on Intergovernmental Relations, in its 1965 report, "Relocation: Unequal Treatment of People and Businesses Displaced by Governments," stated:

Thousands of people and businesses are forced to move every year because of governmental acquisition of property or enforcement of housing and building codes. All indications are that this pace of displacement will accelerate with increased urbanization and the consequent mounting demands for urban services and growth of Federal, State, and local programs for the renewal of cities. It has been estimated, for example, that from 1964 to 1972 the federally aided urban renewal and highway programs alone will have caused dislocation of a total of 825,000 families and individuals and 136,000 business and nonprofit organizations. As the magnitude of displacement has increased in recent years, there has been growing concern over the impact on those forced to move—concern over whether these "displacees" are having to bear a disproportionate share of the cost of the benefit created by the public works program necessitating their move! The concern is voiced particularly regarding the poor and the elderly, and marginal and submarginal small businesses; these individuals and businesses seem most often to be in the way of property-taking programs and are least capable of coping with the adjustments of a forced move.

In 1968, Syracuse expects to relocate 350 families and 125 businesses, many of them small marginal operations. In the next 10 years, we foresee displacing as many as 9,000 households. Much of, if not most of the displacement will occur from federally aided projects such as highway construction, Federal facilities, and urban renewal programs. To our city as well as all the others facing similar tasks, it is imperative that relocation policy and assistance be made uniform at all levels of government. We feel that title VIII is an important building block in the achievement of this goal.

The relocation policies we advocate will cost more money than the present and admittedly inadequate array of relocation programs. However, the dividends from this extra expense will be very great and possibly more than compensate for the specific additional cost. Expensive delays in construction and costly changes in plans for such programs as highway improvements or urban renewal are often occasioned by citizens who vigorously oppose these programs because they believe—often correctly—that they will bear economic losses and be placed in less desirable accommodations as a result of present relocation programs. In calling for a new and more costly relocation program in connection with federally aided highway construction, the

American Association of State Highway Officials noted that delays and modification of highway construction plans required by opposition of citizens who would be forced to move by the program have proven far more costly than a program the State highway officials propose to provide fairer treatment of those to be relocated and allay such opposition.

The problem noted by the State highway officials is true in many other programs. A new relocation program can end citizen discontent and allow expedition of urban improvement activities.

In sum, we must be able to say to the citizen that you too will gain from the improvement which forces your relocation and I am obviously referring here to a gain or benefit not simply limited to what a highway or public building will provide, for this indeed may be slight.

Two other more specific points must be mentioned. First, we feel it highly important that all relocation, for no matter what project, be carried out by one city agency which has at its command the tools and resources to do a thorough job. Where cities have established effective agencies to undertake relocation, the Federal Government should contract with that agency for this purpose.

Second, we want to emphasize that the improvement of relocation policy requires also assistance in the post relocation period. The first 6 months is critical to a person or business newly relocated. Families and businesses are confronted by a whole new set of problems in their new location. Relocation responsibility therefore does not stop once a family is in a new home. They must also be given every assistance in adjusting to their new environment.

In conclusion, we can no more eloquently state the importance of this title than to quote the Senate Committee on Government Operations reporting on S. 1681, the Uniform Relocation Act of 1966. The committee said:

This policy is necessary to eliminate the great inconsistencies that exist among Federal and federally assisted programs with respect to the amount and scope of such payments, and the advisory assistance and assurance of housing offered. It recognizes that relocation is a serious and growing problem in the United States and that the pace of displacement will accelerate in the years immediately ahead. It recognizes that advisory assistance is of growing importance in the relocation process especially for the poor, the nonwhite, the elderly, and small business people. It recognizes the need for more equitable land acquisition practices in connection with the procurement of real properties by eminent domain. In short, this legislation recognizes that the Federal Government has a primary responsibility to provide uniform treatment of those forced to relocate by Federal and federally aided public improvement programs and to ease the impact of such forced moves.

TITLE IX. UNIFORM LAND ACQUISITION POLICY

The confusion, delay, uncertainty and misunderstanding which exists today in the field of acquisition of real property by governmental entities for public use is notorious. On the basis alone that there is no justification for differences between the taking of one man's property as opposed to another, we fully endorse the provisions of title IX. This title contributes measurably toward eliminating the disparities in Federal land acquisition policies. We particularly feel that it is important that the property owner be fully advised of the method by

which value of the property is ascertained by the Government. We trust that in section 901(a)(3) the term "fair and reasonable consideration" means "fair market value." Many cities now use fair market value as the starting point for their negotiations in property acquisition. It is the fairest as well as most practical value to be obtained.

We appreciate the opportunity to appear on this most important legislation. It should be given high priority as one element of the urgent attention Congress gives to the urban crisis. It is true that cities need vast resources, obtainable at all three levels of government and in the private sector. The Federal Government bears a large share of the responsibility for commitment of Federal resources to this urgent need. To assure, however, that this mechanism for administering these resources be as effective and efficient as possible, the grant-in-aid programs must be flexible, simple to use, efficient to operate and utilize and, most importantly, fully responsive to the priorities of those who are directly responsible for solving these problems, the officials of our cities. We most strongly urge your favorable consideration of these measures and commend your demonstrated interest in the problems these measures are meant to resolve.

Mr. BLATNIK. Mayor, we certainly assure you we will give very serious and, we hope, favorable consideration to the proposals which you have recommended.

At this point, I want to congratulate you and your aides who worked with you in preparing a very comprehensive and informative statement. I am certain it will be a very helpful piece of testimony.

I was particularly interested in the emphasis you stressed on the quality of having more uniform relocation programs and more adequate programs. I was one of the five coauthors of the Highway Act in 1956, and we raised this question back in 1956. It was an enormous program, and at that time we couldn't foresee many of the problems. But there were those who felt at that time that too undue a burden was being placed in almost a ruthless manner, although this was inadvertent. The impact on a little house, property owners, retired people, all too often folks who couldn't help themselves, or could least help themselves, was terrific. I think legislation of this type should have been enacted at least 8 years ago. Too many of our citizens have had to bear an undue burden and a disproportionate share of the burden for these programs like highway construction and urban renewal that, in the long run, make a substantial contribution to a given community or area or State or the country at large.

I have no questions for the time being, because we are pressed for time. We have some other witnesses.

Mr. Brown, do you have any comments?

Mr. BROWN. I have just two very quick questions.

On page 3 you say the Congress' concern is that these programs are administered efficiently and that the congressional intent is fulfilled.

I would gather you would concur that it might be desirable if we had an agency at the executive level to assess the fulfillment of the intended purposes of the programs and whether or not the programs have been adequately operated to accomplish the purposes laid out in the legislation.

Mr. WALSH. Well, what I had in mind, Congressman, was the fact that occasionally Congress will pass a bill, and then the administra-

tive agency will add guidelines that I am not always sure were part of the legislative intention.

I refer specifically to my own experience with the poverty program where Congress passed a bill permitting cities to run a poverty program, but then the administrators of the program adopted guidelines which make it impossible for a city—in my case, because we are under 250,000—to run a poverty program of our own. That is what I was thinking of.

Mr. BROWN. That certainly is a fascinating area, and I would love to pursue that. In the interest of time—both yours and ours—I am not in a position to do that.

However, I hasten to point out that is one of the reasons that Congress intends to guard very jealously the prerogatives which it has, and why at least some Members of Congress are not overly anxious to yield up to the Executive the right to establish these guidelines in too much detail.

I have one other question in a different vein. I am trying to remember my only occasional visits to Syracuse as to whether or not Syracuse includes within the city limits a lot of open area that otherwise might be considered rural area, or whether you are involved with a large growth where the activities of the rural area are important. I am a little concerned at the seeming emphasis in this legislation on urban developments in urban areas only, and the question is, do you feel that a coordination between both rural and urban land usages, resource development and so forth would be a proper emphasis or proper thing for this legislation to consider?

Mr. WALSH. Well, my responsibility as a mayor is to the citizens within my jurisdiction. Syracuse has no large land area available within the boundaries of the city. And under the annexation process in New York State, we are strangled by the burgeoning suburban areas, so that we don't have anything to develop in the city. Everything goes outside now. So I am concerned about what we can do within the city itself rather than the suburban areas, quite frankly.

We recognize the fact that being a metropolitan area we are very much dependent on what happens outside of the city boundaries so that we do have close coordination with the county government and with the governments of the other neighboring towns around there, and we work very closely together in developing the entire metropolitan area.

For instance, we have just developed a county planning agency, moving it from a city planning agency to a county planning agency to get comprehensive metropolitan planning.

Mr. BROWN. This is a point on which I think we would be in general agreement. Thank you.

Mr. BLATNIK. Thank you, Mayor Walsh.

Mr. WALSH. Thank you, Mr. Chairman.

Mr. BLATNIK. I am sorry we have had to rush a little. We do have quite a body of testimony from hearings of 2 years ago.

We will now call on our good friends, Mr. Hughes, the Deputy Director from the Bureau of the Budget; and Governor Bryant. Would it be possible, since the realm of your testimony is so close, for you two to make a joint presentation so we can interrogate both of you at the same time? Would that be satisfactory?

Mr. BRYANT. I would be happy to try, Mr. Chairman.

Mr. BLATNIK. Mr. Hughes, do you want to lead off?

**STATEMENT OF HON. PHILLIP S. HUGHES, DEPUTY DIRECTOR,
BUREAU OF THE BUDGET; ACCOMPANIED BY HOWARD SCHNOOR,
DIRECTOR, GOVERNMENT ORGANIZATION STAFF**

Mr. HUGHES. I would be pleased to begin, Mr. Chairman. I have a rather brief statement and I will try and go through it rather quickly.

With me is Mr. Howard Schnoor, the director of the Government Organization Staff. I think he is known to the committee.

Before proceeding with my prepared statement, Mr. Chairman, I noted your remarks with respect to liaison with State legislatures. The Bureau is aware of and has dealings with the principal organizations representing legislators. One is the National Legislative Conference, a conference of State legislators. Another is a legislative leaders conference consisting of the speakers and other members of the House and Senate leadership in State legislatures.

The first, the National Legislative Conference, has a Committee on Federal-State Relations that we maintain liaison with. We also have a continuing liaison relationship with the Council of State Governments and its Committee on Suggested State Legislation. If the committee wishes, I could furnish for the record later a page or two describing these bodies and our relationship.

Mr. BLATNIK. That would help very much.

(Subsequently, the following additional information was submitted by the Bureau of the Budget:)

BUREAU OF THE BUDGET RELATIONSHIPS WITH STATE LEGISLATURES

BACKGROUND

For over 25 years, the Bureau of the Budget has maintained an active and increasing interest and involvement in Federal-State-local relations with emphasis on fiscal and administrative interrelationships. Our interest initially centered more largely on the fiscal rather than the administrative problems in a Federal system and centered around such matters as State and local income tax withholding of the salaries of Federal personnel, Federal expenditures within the States and grants-in-aid and other financial assistance to States and localities.

Today, the Bureau concern with intergovernmental relations still embraces the hard core of activities with which we have always been concerned but the emphasis has shifted to more involvement in specific projects associated with the Great Society and the President's primary interest in a "more creative and dynamic federalism."

SUGGESTED STATE LEGISLATION

For over 12 years, the Bureau of the Budget has served as the Federal coordinator for proposed legislation submitted by Federal departments and agencies for the consideration of the Committee of State Officials on Suggested State Legislation of the Council of State Governments. Every year since 1940, this committee formulates draft bills, statements, and suggestions relating to matters which are of current concern to members of State legislatures, and which are presented to the States by the council. The committee itself is composed entirely of State officials (Commissioners on Interstate Cooperation, Commissioners of Uniform State Laws, Attorneys General, legislators and legislative staff of the 50 States).

The introduction to volume XXVII (1968) *Suggested State Legislation*, states the Bureau role as follows:

"The machinery for developing the Suggested State Legislation is as simple as it is effective. The Council of State Governments receives from individual State officials, from organizations of State officials, from special State committees or agencies, and from public service organizations, proposals for consideration by the State legislatures. In a somewhat similar manner the Federal Bureau of the Budget gathers together various proposals which the Federal agencies wish to call to the attention of the States. In addition, the Bureau acts in a liaison capacity with the council."

These proposals are considered by the committee and when adopted are placed in an annual volume for consideration by all State legislatures. To assist the committee in its deliberations, and when the committee deems it desirable, the Bureau will arrange for Federal witnesses to appear in behalf of particular proposals their departments have suggested.

This cooperative arrangement has proved to be very beneficial to the interest of the Federal Government in making more effective Federal programs which require State legislation for their full implementation.

THE NATIONAL LEGISLATIVE CONFERENCE

The National Legislative Conference is an affiliate of the Council of State Governments and is organized to cooperate for more effective service to the legislatures and to aid in the improvement of legislative organization and procedures. This conference recently established a committee on State-Federal relations and the Bureau is cooperating closely with this committee, particularly in the area of grant-in-aid financing and administrative procedures. This committee is the reference point for views of State legislative officials under Bureau of the Budget circular A-85, which provides for consultation with State and local officials prior to the issuance of rules, regulations, standards, procedures, and guidelines applicable to Federal assistance programs.

On April 4-5, 1968, the Bureau participated in a 2-day session of this committee which was devoted, in considerable part, to strengthening the role of State legislatures in planning and programing the use of Federal grants.

THE NATIONAL CONFERENCE ON LEGISLATIVE LEADERSHIP

This conference is composed of State senate presidents pro tempore, house speakers, and majority and minority leaders of the several States. In recent years, this national conference has had several meetings at which the Bureau has been represented both as a program participant and as program speakers. At these sessions the Bureau has emphasized that in our federal system: "The role of State legislatures is of critical importance in determining whether State governments are to have the capability to do their part in making this highly intricate and sensitive system of interdependence work."

OTHER RELATIONSHIPS

In connection with the visits to and from the States conducted by Governor Price Daniel, director, Office of Emergency Planning, the Bureau has consulted with a considerable number of State legislators from many of the States on budgetary and other problems concerning them. Technical advice and assistance has also been rendered to staff of State legislative budget offices as part of the Bureau's close and continuing relationship with the National Association of State Budget Officers. Finally, we have had some communication with the Citizens Conference on State Legislatures.

It is anticipated that the Bureau will find more opportunities to be of service and to render technical and specialized assistance to State legislatures as they continue their process of strengthening and modernizing to meet the demands of the day.

Mr. HUGHES. With respect to the subject at hand, Mr. Chairman, we are appearing today in support of H.R. 16718, the Intergovernmental Cooperation Act of 1968, which was introduced by the chairman of the subcommittee and cosponsored by Mr. Erlenborn, and which has as its principal aim improving the relationships between and among the Federal, State, and local governmental units in our federal system and, hence, the quality of American Government.

The Bureau of the Budget has already reported on the other Intergovernmental Cooperation Act proposals pending before the subcommittee and our testimony today is directed toward the provisions of H.R. 16718.

Last year, the Advisory Commission on Intergovernmental Relations requested our assistance in developing an Intergovernmental Cooperation Act. After discussions with the various affected Federal agencies and with the Advisory Commission, agreement was reached on a measure transmitted by the ACIR containing five titles, all of which are included in the bill as introduced by the chairman and on which we are testifying.

The titles of H.R. 16718 are designed to:

“achieve the fullest cooperation and coordination of activities among the levels of Government in order to improve the operation of our Federal system in an increasingly complex society;

“improve the administration of grants-in-aid to the States;

“permit provision of reimbursable technical services to State and local governments;

“establish coordinated intergovernmental policy and administration of grants and loans for urban development; and

“provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs.”

Previous Bureau testimony before this committee in 1966 stressed the increasing importance of cooperative federalism as expressed in the extent to which Federal financial assistance to State and local governments for matters of national concern has become a major factor in the management of Government affairs in the country. To be specific, in the fiscal year 1969, the total of Federal grant programs dealing with national goals in a joint endeavor by Federal, State, and local units of government will exceed \$20 billion. In that fiscal period, such Federal financial assistance to State and local governments under existing and proposed programs will total an estimated \$20.3 billion, of which there will be net expenditures of \$15.5 from regular budget accounts and \$4.8 from the highway and unemployment trust funds.

In 10 years, total Federal aid will have more than tripled, rising from \$6.7 billion in 1959 to an anticipated \$20.3 billion in 1969. It is estimated that, in the same decade, expenditures by State and local funds also will have more than doubled.

The fastest growing grants are those to advance the war on poverty, to provide decent medical care for the needy, to improve the facilities and services in our urban centers, and to upgrade the elementary and secondary educational opportunities available to children of low-income families.

Total aids for metropolitan or urban areas have risen from \$4 billion in 1961 to an estimated \$12 billion in 1969. Thus, Federal aids benefiting urban areas have grown by about \$8 billion—nearly tripling in less than a decade.

The effective administration of Federal aid programs has received increasing attention in the last several years. The Bureau's concern has been both with the budgetary impact of grant expenditures, and with the means of coordinating the growing number of grant programs as

well as devising measures for the more effective management of co-operatively financed Federal programs.

I would like to turn now to discussion of the individual titles of the bill.

Title I deals solely with definitions which apply to the other four titles and on which we have no comment.

Title II calls for the improved administration of grants-in-aid to the States. It authorizes full information to the Governors and State legislatures on grants to their States. It would also improve the scheduling of Federal fund transfers to the States and permit the States to budget Federal grant funds in much the same manner as they budget other revenues. Specifically, this title would provide the Governors and State legislatures with necessary data upon which to finance and administer cooperative programs under Federal grants-in-aid.

It would also assure, through statutory enactment, the expeditious furnishing of Federal grant funds through the letter-of-credit procedure established now by Executive order, and relieve the States from interest earned on Federal funds in their possession. In addition, it would relieve the States from unnecessary and outmoded accounting procedures while protecting the right of the executive branch and the Comptroller General to audit these accounts. Finally, title II would permit the head of a Federal agency to waive the single State agency requirement in Federal grant programs to permit reorganization and modernization of State government structures.

Title III would permit Federal departments and agencies to provide technical and specialized assistance to State and local governments on a reimbursable basis but without competing with private enterprise. This would have the advantage of permitting all Federal departments and agencies to provide such necessary services, under rules and regulations established by the Bureau of the Budget, and without rescinding any such authority now possessed by any Federal agency with or without reimbursement. Under this title, the head of any Federal agency providing such services would be required to report annually on the nature of the services rendered to the respective congressional Committees on Government Operations.

Title IV establishes a coordinated intergovernmental policy and administration of grants for urban development under a declaration of urban assistance policy contained in section 401. Units of general local government would be favored over special-purpose districts, where all other circumstances are equal, in their eligibility to receive loans and grants-in-aid for urban development. The final section permits the President to "prescribe such rules and regulations as are deemed appropriate for the effective administration of this title," but requires that these rules or regulations take into account "the basic distinctions between areas which are primarily rural and those which are urban or metropolitan, as well as between the agencies which have program responsibilities in the different areas."

Title V, which is designated as the "Federal Urban Land-Use Act," provides for the acquisition, use, and dispositions of land within urban areas by Federal agencies in conformity with land utilization programs of affected local governments. The provisions of this title are aimed at assuring more harmonious intergovernmental relations with

urban communities by providing uniform policies applying to Federal land transactions so that, to the greatest extent practicable, these transactions will be consistent with local land use and zoning practices and in accordance with local planning and development objectives. The provisions require that the head of the local governing body concerned shall receive due and proper notice from the Administrator of the General Services Administration.

In conclusion, Mr. Chairman, I simply wish to repeat that the Bureau of the Budget worked with the Advisory Commission on Intergovernmental Relations in the development of this bill, and accordingly regards it as consistent with the administration's objective of a more creative and dynamic federalism.

Thank you very much, Mr. Chairman.

Mr. BLATNIK. Governor Bryant, will you proceed with your testimony? At this point I would like to have the entire membership list of the Advisory Commission on Intergovernmental Relations, of which Governor Bryant is Chairman, inserted in the record.

(The membership list referred to follows:)

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS, WASHINGTON, D.C.
MAY 1968

Farris Bryant, Chairman, Florida.
Price Daniel, Vice Chairman, Director, U.S. Office of Emergency Planning.
Ben Barnes, Speaker, Texas House of Representatives.
Neal S. Blaisdell, mayor of Honolulu, Hawaii.
Ramsey Clark, U.S. Attorney General.
Dorothy I. Cline, professor of government, University of New Mexico.
John Dempsey, Governor of Connecticut.
C. George DeStefano, member, Rhode Island State Senate.
John F. Dever, commissioner, Middlesex County, Mass.
Florence P. Dwyer, Member, U.S. House of Representatives, New Jersey.
Buford Ellington, Governor of Tennessee.
Sam J. Ervin, Jr., Member, U.S. Senate, North Carolina.
L. H. Fountain, Member, U.S. House of Representatives, North Carolina.
Henry Fowler, Secretary of the U.S. Treasury.
Alexander Heard, chancellor, Vanderbilt University.
Jack Maltester, mayor of San Leandro, Calif.
Angus McDonald, commissioner, Yakima County, Wash.
Karl E. Mundt, Member, U.S. Senate, South Dakota.
Edmund S. Muskie, Member, U.S. Senate, Maine.
Arthur Naftalin, mayor of Minneapolis, Minn.
Nelson A. Rockefeller, Governor of New York.
Gladys N. Spellman, commissioner, Prince Georges County, Md.
Al Ullman, Member, U.S. House of Representatives, Oregon.
Jesse M. Unruh, speaker, California Assembly.
William F. Walsh, mayor of Syracuse, N.Y.
Vacancy, Governor.

STATEMENT OF HON. FARRIS BRYANT, CHAIRMAN, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS; ACCOMPANIED BY WILLIAM COLMAN, DIRECTOR; AND DAVID WALKER

Mr. BRYANT. I will abbreviate my remarks, if I may.

Mr. BLATNIK. Certainly. You may do as you wish. Your full statement will appear in the record following your remarks.

Mr. BRYANT. I am appearing, as you indicated, in support of this legislation which you and Mr. Erlenborn have introduced, and also

in support of the companion legislation, H.R. 5522, H.R. 5523, H.R. 5524, H.R. 5525, H.R. 5526, H.R. 5527, and H.R. 5770.

I support what Mr. Hughes has said about this proposed legislation, H.R. 16718. Yet, I wish to supplement it because our proposals go beyond the recommendation of the Budget Bureau—not as to the measures which he has sanctioned, but as to the additional titles.

I might say that the Advisory Commission has unanimously endorsed the nine titles which are included in the companion legislation I have referred to—the companion legislation introduced by Mr. Ullman, Mr. Fountain, and Mrs. Dwyer, who represent the House of Representatives on the Advisory Commission. Congressman Fascell's measure likewise has our support.

We would hope that the committee would consider the adoption of four additional titles. Three of them have already been given extensive consideration by Congress and the administration. Each of them comes to grips with a major problem area in grant administration. The objectives of each have been endorsed by all of the major public interest groups concerned with better intergovernmental relations and the Advisory Commission has given specific sanction to each of them. To ignore these titles is to ignore the fact that better congressional oversight with respect to Federal aid programs, more consolidations, and uniform and equitable relocation and land acquisition programs are demonstrable necessities, if today's federalism is to become more constructive and more cooperative.

Title V of H.R. 5523 and H.R. 5524, and all companion bills save for H.R. 5525, complements the proposed Congressional Reorganization Act, H.R. 2595, and strengthens the legislative oversight function of the substantive congressional committees with respect to future grant programs. By providing a uniform policy and procedure for congressional review of such grants, systematic reassessment is assured in a period of rapid urbanization and technological change. To assure reconsideration of grant programs that lack a termination date or that have been exempted from provisions of this title, a 5-year termination date is stipulated.

Despite the lengthy history of this legislation dating back to the 87th Congress, considerable confusion still surrounds this 5-year termination provision. Yet, it does not cover all future grant programs, but only those that Congress had failed to designate as continuing or shortrun ventures. If the recent past is a guide, it would only affect a few grants enacted in any session of Congress, as the table in our attachment indicates.

Title VI squarely confronts the central problem of the existing grant system; the need to bring greater order out of the chaos of fragmentation. It constitutes a bold new approach to overcoming the many management headaches caused by the proliferation of these Federal grants. It authorizes the President to submit grant consolidation plans to Congress under procedures similar to those used for administrative reorganization plans. I will not detail the procedure, because I am sure it is familiar to the members of the committee.

Title VIII of the legislation faces up to the unpleasant fact that existing relocation programs are specifically a basic cause of urban unrest and generally are a source of considerable popular resentment

in rural as well as metropolitan areas. To correct these conditions, it establishes a policy of uniform and equitable treatment of persons and businesses that are forced to relocate as the consequence of Federal or federally assisted programs.

Finally, title IX comes to grips with many of the complaints that have emerged in recent years concerning the equity of governmental land acquisition practices and the adequacy of traditional standards of compensation. Its provisions grew out of a lengthy study conducted by the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works and, with but few reservations, has received the full sanction of the Bureau of the Budget and affected Federal agencies. To grasp the significance of this title, it should be noted that property acquisitions under Federal and federally assisted programs now average approximately 1,800,000 acres a year, and involve approximately 185,000 owners.

To sum up, Mr. Chairman, the Advisory Commission on Intergovernmental Relations strongly supports passage of H.R. 16718, the proposed Intergovernmental Cooperation Act of 1968, and supports its amendment to include those titles in companion measures relating to congressional oversight, grant consolidation, and fair and uniform relocation and land acquisition policies.

We support this legislation, because we know that most governmental spokesmen understand that the grant-in-aid is a practical, politically feasible mechanism—tested for over more than three-quarters of a century—for achieving intergovernmental solutions to what has become a national problem.

We sanction it, because we feel that this device has encouraged States and localities—via the stimuli of available Federal matching funds—to initiate or expand specific public services which Congress considers to be in the national interest and has assisted poorer States and localities to achieve minimum service levels.

We urge early action on this legislation, because we believe that most Federal, State, and local officials desire reform—not abolition—of the grant-in-aid system, and this legislation constitutes the first major congressional effort to achieve the necessary revitalization of that system.

Its enactment will provide greater flexibility, greater coordination, greater consolidation, and greater justice—in grant-in-aid and other intergovernmental programs—and these are goals our present system of Federal-State-local relations desperately needs.

Mr. Chairman, I have with me today from the Advisory Commission on Intergovernmental Relations Mr. William Colman, its Executive Director, and Mr. David Walker. They will be able to assist in answering any questions.

I want to thank you and the members of the committee for this opportunity to present the Commission's views on this proposed legislation.

I also have supplementary statements of considerably greater length and more detail, which may be useful to the committee.

Mr. BLATNIK. Well, the entire statement and the attachment are most helpful and will certainly appear in the record of the proceedings.

(The prepared statement of Mr. Bryant and the attachment follow:)

PREPARED STATEMENT OF HON. FARRIS BRYANT, CHAIRMAN, ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS

Mr. Chairman and members of the committee, I am appearing on behalf of the Advisory Commission on Intergovernmental Relations in support of the proposed Intergovernmental Cooperation Act of 1968 (H.R. 16718) and companion legislation (H.R. 5522, H.R. 5523, H.R. 5524, H.R. 5525, H.R. 5526, H.R. 5527, and H.R. 5770).

Three of the bills before you—H.R. 5522, H.R. 5523, and H.R. 5527 respectively—were introduced by three members who represent the House of Representatives on the Advisory Commission—Mr. Fountain, Mrs. Dwyer, and Mr. Ullman. The legislation you introduced, Mr. Chairman, H.R. 16718, was developed by the Advisory Commission at the request of the Bureau of the Budget. We support this bill, but also support its expansion to include certain titles appearing in the other bills.

All of these measures are based on several of the most significant findings and recommendations for Federal action advanced by the Commission during the past 8 years. The lengthier, nine-title version was specifically endorsed by the Commission at its April 14, 1967, meeting.

More than a century and third ago, the most astute foreign observer of our system of government and society, Alexis deToqueville, wrote:

I have never been more struck by the good sense and the practical judgment of the Americans than in the manner in which they elude the numberless difficulties resulting from their Federal Constitution.

Enactment of the Intergovernmental Cooperation Act is of prime importance, because it constitutes a major effort to elude several of the difficulties that presently impede the effective operation of our Federal system.

To provide a proper background for considering this legislation, certain basic features of grants-in-aid should be highlighted since these programs are what we might call the sinews of the Federal system, yet are the source of considerable friction and conflict.

In response to the heavy demands placed on State and local governments by their citizens for the new and expanded services, the National Government has dramatically expanded its involvement in domestic program areas during recent years—using primarily the grant-in-aid device.

In dollar amounts, they have expanded from \$8 billion in 1963 to an estimated \$20.3 billion for the next fiscal year. At present, they provide State and local governments with approximately \$1 out of every \$6 they spend. In number, some 240 new grant-in-aid programs were enacted from 1963 through the end of the last session of Congress—bringing the total to over 400 individual categorical authorizations.

This extraordinary expansion in the dollar amounts and number of grants-in-aid demonstrates beyond any doubt the complete acceptance of the partnership principle by Congress and the administration as the correct approach to effective intergovernmental relations. The expansion in the number, variety, and eligible recipients of grant programs, however, have generated serious management difficulties. A "communications gap," coordination difficulties, disjointed planning efforts, and rigid and frequently conflicting administrative and other requirements are but a few of the "fallout" problems that have arisen.

Your bill, H.R. 16718, Mr. Chairman, deals with a number of these problems and in very specific ways.

* * * It is geared to eliminating some of the stresses and suspicions that impede effective intergovernmental administration.

* * * It begins to implement the President's ideal of a new and more productive partnership between the levels of government—stated so effectively in his State of the Union and Quality of American Government messages last year.

* * * It solves some of the real problems that I encountered in my trips to 40 conferences on Federal-State relations coordinated by the Office of Emergency Planning last year.

All of its titles have been endorsed by the Advisory Commission and all have survived the close scrutiny of the Bureau of the Budget and of affected Federal agencies.

How does this legislation come to grips with some of the here and now difficulties that undermine cooperative intergovernmental relations?

First, it simplifies and makes more flexible regulations governing disbursement of Federal grants to States. This goal—and I can assure you it is a goal worth striving for—is implemented by promoting a better flow of grant information to State Governors and legislators, by eliminating archaic requirements for separate bank accounts, by discouraging the advancement of Federal funds for longer time periods than are necessary, and by permitting greater flexibility to the States in matters of internal organization (i.e., waiving “single agency” provisions).

Despite the increase in the number and size of direct Federal-local grants in recent years, nearly three-quarters of the total is still accounted for by Federal grants going to the States. In the midst of our very proper and deep concerns for the burgeoning problems of America’s cities, we must also focus on the need to achieve basic changes in Federal-State relations which govern the administration of national programs. Improved management of these programs is as critical a problem at the State level as it is at the Federal. Governors and legislators have as great a role in this area as Congress and the executive branch.

If more information is required by these officials, then it should be provided.

If existing grant statutes or regulations complicate the development of modern State accounting techniques, then they should be changed.

If the letter-of-credit procedure is an expeditious method for advancing Federal grant funds to the States, then it should be strengthened by statutory authorization.

If the “single State agency” requirement in various grant programs can tie up Governors as well as State legislators in their reorganization efforts, then greater discretion in organizational matters should be given to administrators at both levels.

If all these difficulties are real—and I think they are—then title II of your legislation is a much needed first step in upgrading Federal-State relations.

Moving now to title III let me say that in addition to money, technical services and assistance are equally strong and important links in our Federal system. Yet, their scope is much more restricted, while the need for them is greater than ever before. Title III of your bill would help relieve the short supply of specialized skills, training, and equipment needed by various State and local governments. The Federal Government frequently has technical personnel and facilities which these hard-pressed governments are unable to assemble easily—if at all. This title authorizes Federal departments and agencies to render technical assistance and training services to State and local governments on a reimbursable basis. It would help prevent unnecessary duplication of scarce resources, would permit more economical use of Federal facilities, and would encourage greater use of more advanced techniques by all levels of government.

Next let us consider the question of how to achieve better planning and administration for grants for urban development. This is a very timely question, and title IV of H.R. 16718 deals with it. These urban development programs now number somewhere in the vicinity of 120, using Department of Housing and Urban Development figures. They involve approximately \$12 billion of the more than \$20 billion of total estimated Federal aid that will be spent in metropolitan areas during the next fiscal year. The other \$8 billion goes via the States. At the same time, a typical metropolitan area is made up of an average of 87 different local governmental jurisdictions. The need then for greater coordination and improved intergovernmental relations in urban areas is a top priority item deserving the undivided attention of all of us.

This title focuses on four aspects of the problem.

By authorizing the President to establish governmentwide guides for the development, assessment, and review of Federal urban programs, it strengthens the oversight function of the Executive Office of the President—especially that of the Bureau of the Budget.

By establishing a congressional policy that Federal agencies will consider the goals of other levels of government in formulating and evaluating urban development programs, it strengthens the formal and informal consultation processes in our Federal system.

By stipulating that planning requirements of Federal urban programs be coordinated with local and regional efforts, it avoids conflict and confusion between Federal and local plans.

Finally, by favoring general units of local government—cities, counties, and townships—rather than special districts in the grant application process, it buttresses those local jurisdictions which are most representative of our citizenry and are most subject to all the interplay of diverse forces that are the underpinnings of grassroots democracy in the United States.

Finally, the last title of H.R. 16718 begins to hammer out a Federal policy with respect to the acquisition, use, and disposition of land by the Federal Government in urban areas. Under it, the Federal Property Administrative Services Act is amended to provide a uniform procedure for such actions by the General Services Administration. By requiring the GSA to conform—to the extent possible—with local planning and land use objectives, a glaring defect in existing Federal policy is corrected—a defect that stands in stark contrast to the several planning requirements that appear in various Federal grant-in-aid programs which are designed to strengthen local and regional planning and land use regulations.

For these and other reasons cited in the attachment which we would like to submit for the record, Mr. Chairman, the Advisory Commission fully endorses the proposed Intergovernmental Cooperation Act of 1968 (H.R. 16718). At the same time, we would welcome committee consideration and adoption of four additional titles that are included in the pending companion bills. Three of them have already been given extensive consideration by Congress and the administration. Each of them comes to grips with a major problem area in grant administration. The objectives of each have been endorsed by all of the major public interest groups concerned with better intergovernmental relations and the Advisory Commission has given specific sanction to each of them. To ignore these titles is to ignore the fact that better congressional oversight with respect to Federal aid programs, more consolidations, and uniform equitable relocation and land acquisition programs are demonstrable necessities if today's federalism is to become more constructive and more cooperative.

Title V of H.R. 5523 and H.R. 5524 (and all companion bills save for H.R. 5525) complements the proposed Congressional Reorganization Act (H.R. 2595) and strengthens the legislative oversight function of the substantive congressional committees with respect to future grant programs. By providing a uniform policy and procedure for congressional review of such grants, systematic reassessment is assured in a period of rapid urbanization and technological change. To assure reconsideration of grant programs that lack a termination date or that have been exempted from provisions of this title, a 5-year termination date is stipulated.

Despite the lengthy history of this legislation dating back to the 87th Congress, considerable confusion still surrounds this 5-year termination provision. Yet, it does not cover all future grant programs, but only those that Congress had failed to designate as continuing or short-run ventures. If the recent past is a guide, it would only affect a few grants enacted in any session of Congress. Of the 125 major new grants enacted during the period 1961 to spring of 1968, only 11 have no limiting fiscal expiration provisions. These and these alone would be covered by this termination provision had it been in effect during this period.

Title VI of H.R. 5523 and H.R. 5524 (and all companion legislation save one—H.R. 5525, where it appears as title V) squarely confronts the central problem of the existing grant system; the need to bring greater order out of the chaos of fragmentation. It constitutes a bold new approach to overcoming the many management headaches caused by the proliferation of these Federal grants. It authorizes the President to submit grant consolidation plans to Congress under procedures similar to those used for administrative reorganization plans. A plan would become effective at the end of 90 calendar days of continuous session of Congress following its transmittal, unless either House passed a resolution disapproving the proposed consolidation.

The normal legislative course is a tough one for achieving grant consolidations. Only one major consolidation has been achieved in recent years: the Partnership in Health Act of 1965; and of the two pending proposals, only one appears to have a good chance of enactment: the Partnership in Earning and Learning Act of 1968. The Advisory Commission in its comprehensive study of Fiscal Balance in the American Federal System recommended a drastic decrease in the 400-odd separate grant authorizations and specifically sanctioned the method embodied in this title as a means of furthering this objective.

Title VIII of H.R. 5523 and H.R. 5524 (all of the companion bills except for H.R. 5525, where it appears as title VII) faces up to the unpleasant fact that

existing relocation programs are specifically a basic cause of urban unrest and generally are a source of considerable popular resentment in rural as well as metropolitan areas. To correct these conditions, it establishes a policy of uniform and equitable treatment of persons and businesses that are forced to relocate as the consequence of Federal or federally assisted programs. The Advisory Commission considered this issue at length in its 1965 report on "Relocation: Unequal Treatment of People and Businesses Displaced by Governments." In it, the Commission documented the serious consequences of the inconsistencies and inequities of existing relocation policies and practices. A special 1967 study on highway relocation assistance undertaken by the Department of Transportation, pursuant to Public Law 89-574, fully confirms the major findings of this earlier ACIR study.

With reference to cost, it is our rough estimate that for fiscal year 1967 under title VIII of H.R. 5523 and H.R. 5524 the Federal outlay would have come to approximately \$79 billion—compared to an estimated \$40 billion under existing relocation provision payments.

Finally, title IX of H.R. 5523 and H.R. 5524 (and all companion bills save for H.R. 5525—where it appears at title VIII) comes to grips with many of the complaints that have emerged in recent years concerning the equity of governmental land acquisition practices and the adequacy of traditional standards of compensation. Its provisions grew out of a lengthy study conducted by the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works and, with but few reservations, has received the full sanction of the Bureau of the Budget and affected Federal agencies. To grasp the significance of this title, it should be noted that property acquisitions under Federal and federally assisted programs now average approximately 1,800,000 acres a year and involve approximately 185,000 owners. Greater uniformity and greater equity clearly are required if the programs prompting these acquisitions are to proceed smoothly and without rancor.

To sum up, Mr. Chairman, the Advisory Commission on Intergovernmental Relations strongly supports passage of H.R. 16718, the proposed Intergovernmental Cooperation Act of 1968, and supports its amendment to include those titles in companion measures relating to congressional oversight, grant consolidation, and fair and uniform relocation and land acquisition policies.

We support this legislation, because we know that most Federal, State, and local spokesmen understand that the grant-in-aid is a practical, politically feasible mechanism—tested for over more than three-quarters of a century—for achieving intergovernmental solutions to what have become a national problem.

We sanction it, because we feel that this device has encouraged States and localities—via the stimuli of available Federal matching funds—to initiate or expand specific public services which Congress considers to be in the national interest and has assisted poorer States and localities to achieve minimum service levels.

We urge early action on this legislation, because we believe that most Federal, State and local officials desire reform—not abolition—of the grant-in-aid system, and this legislation constitutes the first major congressional effort to achieve the necessary revitalization of that system.

Its enactment will provide greater flexibility, greater coordination, and greater consolidation, and greater justice—in grant-in-aid and other intergovernmental programs—and these are goals that our present system of Federal-State-local relations desperately needs.

Thank you, Mr. Chairman, for this opportunity to present the Commission's views on this proposed legislation.

ATTACHMENT TO THE PREPARED STATEMENT OF HON. FARRIS BRYANT, CHAIRMAN, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

BACKGROUND AND REASONS FOR ENACTMENT OF THE PROPOSED INTERGOVERNMENTAL COOPERATION ACT (H.R. 16718, H.R. 5523, H.R. 5524, AND COMPANION BILLS)

In 1959, the Congress established the Advisory Commission on Intergovernmental Relations and stipulated that in performing its primary function of developing and considering "ways and means of fostering better relations between the levels of government" the Commission—among other things—should "provide a forum for discussing the administration and coordination of Federal

grant and other programs requiring intergovernmental relations cooperation" and "give critical attention to the conditions and controls involving administration of Federal grant programs."

The Intergovernmental Cooperation Act is based on several of the most significant findings and recommendations for Federal action advanced by the Commission during the past 8 years. The broad nine-title version of the measure (H.R. 5523, H.R. 5524, and companion bills) was specifically endorsed by the Commission at its April 14, 1967, meeting.

Enactment of this legislation is of critical significance, since it comes to grips with several management problems that plague effective Federal-State-local relations. Improved procedures, organization, and planning are prime prerequisites for improved intergovernmental relations and this legislation—in all of its titles—is geared to achieving these goals. To put this legislation in its proper perspective, certain basic features of the contemporary grant-in-aid system should be noted:

The dual pressures of population growth and rapid urbanization have generated powerful demands for new and better services traditionally provided by State and local governments. These, in turn, have recently triggered an expansion of Federal involvement in several domestic program areas—largely by means of the grant-in-aid device. From 1963 through the end of the last session of Congress, some 240 new grant-in-aid programs were enacted, bringing the total to over 400 separate categorical authorizations.

Grant-in-aid expenditures thus far have increased more than two and one-half times in this decade, rising from \$7 billion in fiscal year 1960 to an estimated \$18.3 billion for this fiscal year. All told, some \$98.3 billion in Federal aid has been dispersed to State and local jurisdictions during this 9-year period.

This extraordinary expansion in the number and dollar amounts of grants-in-aid clearly signifies clear acceptance by Congress and the administration of the partnership principle which undergirds this intergovernmental device. It also signifies a rejection of the centralizing, direct Federal Government-citizen relationship. Yet with this increasing reliance on grants, serious problems of overlapping, fragmentation, information, and difficult administration have emerged at all levels.

Good management clearly is as important as legislative enactment. Executive orders, Budget Bureau circulars, and departmental changes in procedure can correct some of the difficulties in intergovernmental administration, but other management problems stem from statutory provisions, from uncertainty as to power of the executive branch in certain areas, and from the fact that the President needs extra authority to discharge his tough assignment as chief manager of the grant-in-aid system. The Advisory Commission feels that the proposed Intergovernmental Cooperation Act of 1968 (H.R. 16718) advances sensible solutions to a number of the pressing problems impeding improved intergovernmental administration. We feel the nine-title measures (H.R. 5523, H.R. 5524, and companion bills) correct several additional defects in the management of grant and other intergovernmental programs. For this reason, the remaining portion of this supplementary statement will focus on this broader legislation, while giving full consideration to the five titles of H.R. 16718.

The bills, as introduced, seek reform in eight basic areas. In the subsequent discussion of their eight substantive titles, efforts will be made concerning those provisions that appeared in predecessor legislation (the proposed Intergovernmental Cooperation Act of 1966 and the proposed Uniform Relocation Act of 1965—89th Congress) to provide up-to-date background information regarding their relevance. The new titles in H.R. 5523 and companion bills (titles VI and IX and titles V and VIII in H.R. 5525 dealing with Presidential authority to submit consolidation proposals to Congress and with establishment of a uniform policy on land acquisition practices, respectively) receive more extensive treatment.

Title I: Title I of H.R. 5523 (and companion bills as well as of H.R. 16718) contains definitions of terms that are used frequently throughout the other titles and appears to be inadequate in all major respects but one. The definition of "grant" or "grant-in-aid" in section 106 was carefully drawn with particular reference to the needs of title II, "Improved Administration of Grants-in-Aid to the States," and title V, "Congressional Review of Federal Grants-in-Aid to States and to Local Units of Government" and specifically excludes certain

types of Federal assistance, such as loans and loan guarantees that are relevant to the broader scope of Federal assistance involved in those titles that have been added to the original legislation: Title VI, "Consolidation of Grants-in-Aid Programs," title VIII, "Uniform Relocation Assistance," and title IX, "Uniform Land Acquisition Policy." To fill this definition gap, we suggest revising section 107 to include a definition of the terms "Federal assistance," "Federal financial assistance," "Federal assistance programs," and "federally assisted programs," while at the same time preserving the present section 107's intent with respect to District of Columbia financial payments. The following language would implement this suggestion:

FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE
PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

SEC. 107. The term "Federal assistance," "Federal financial assistance," "Federal assistance programs," or "federally assisted programs," means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by Article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

Appropriate revisions would be needed in title VI to make this broader definition apply to consolidations authorized under this title, rather than the more narrow definition of grants-in-aid which appears in section 106.

Title II: Title II (of H.R. 5523 and companion measures as well as H.R. 16718) seeks to coordinate and make more flexible certain standards and procedures governing financial, organizational, and other activities of State executives and other State officials, insofar as these activities are affected by Federal grant programs. The specific language of this title reflects the considerable attention given to it and amendatory action taken in 1966 by this subcommittee with respect to predecessor provisions.

The present title effects a number of basic changes in the administration of grants-in-aid to the States. Section 201 provides that Governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. This procedural innovation would assist a Governor in preparing a more adequate budget and enable him to maintain more effective coordination over his executive departments and agencies. In a similar fashion, State legislatures would be assisted in their administrative oversight and fiscal functions.

Coordination of grant-in-aid programs is as critical a problem at the State level as it is at the Federal, and Governors have a major responsibility in this area. Yet many State chief executives are not in a position to assume this role. Not all States, for example, require agencies to obtain the approval of the Governor before entering into negotiations with Federal departments for grant programs. A 1965 survey indicated that in 18 States gubernatorial approval is required, while in 18 other States it was not. The situation varied in 10 States, it was found, where approval was required in some instances but not in others. In the four remaining States, some other form of approval was stipulated.

As of the beginning of this year, 46 States had established some form of liaison unit to coordinate Federal aid programs, but these units vary greatly in structure and power. In Delaware, Georgia, and North Carolina, State planning agencies have been assigned this responsibility. In New York and Rhode Island, an interdepartmental committee has been established on a continuing basis to make studies and recommendations to the Governor and legislature. In other States, including Connecticut, Illinois, Louisiana, Vermont, and Maine, the Governors have designated an official in his office or in the department of administration to coordinate grant-in-aid activities. To complement these efforts, at least 13 States have established a Washington office.

Clearly, progress has been made in overcoming the problem of agency bypassing of the Governor and much of this can be attributed to the impact of the conferences on Federal-State relations conducted by the Office of Emergency Planning in more than 40 States throughout 1967 and to the initiative of the Washington office of the National Governors' Conference. Nonetheless, the provisions of section 201 would formalize certain procedures which are now informal

and establish as rights what now are privileges unknown to many State legislative and executive officials.

Section 202 of the measure rests on the assumption that there can be a proper accounting of Federal grant funds without the use of separate bank accounts. A few of the older grant statutes and some grant regulations stipulate that Federal monies must be kept in separate bank accounts by State governments. Some States as a consequence maintain intricate systems of bank accounts for various Federal aid programs. With the development of modern accounting techniques, it is only necessary that the State maintain appropriate fund accounts which disitnguish the balance that the State has received but not yet earned. This section of H.R. 5523 (and companion bills) provides for the application of these principles to grants to States, while preserving the Federal Government's legitimate concern in seeing that all such grants are applied as intended and in receiving certain elementary facts with respect to the financial status of grant programs. To clarify the intent of this section, we recommend insertion of the phrase "or administrative regulation" after the word "law" on line 15, page 10, of the bill.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary. As was noted in the prior hearings on S. 561, the Department of the Treasury has already sought administratively to achieve this objective through its departmental circular No. 1075, issued on May 28, 1964. This circular was and is geared to establishing a letter-of-credit procedure which maintains funds in Treasury until needed by recipient jurisdictions and thus reducing interest costs. Advances for 3 to 6 months formerly made in several programs and still permitted in some have resulted in expenditures of money from the Federal Treasury before they were actually needed—with no concomitant advantage accruing to the Federal or State agencies concerned or to effective program implementation.

Lump sum advances at specified intervals now constitute a rather outmoded way of transmitting money from one jurisdiction to another—given the emergence of telegraphic transfers, sight drafts, and the letter-of-credit procedure. The Treasury circular recognizes this fact and pursuant to its procedures advances are limited to the minimum allowances that are necessary and are timed to coincide with the actual cost requirements of the recipient jurisdiction in carrying out the purposes of a grant program. This letter-of-credit device in and by itself does not insure against excessive withdrawals, as Treasury has recently discovered in its monitoring of the system. Yet it can and does provide a simple, uncomplicated way of getting payments for readily ascertainable short-term needs. It also precludes the necessity of trying to anticipate the requirements of longer time periods with the consequent tendency to overestimate.

Two problems, however, seem to have arisen thus far in administering this letter-of-credit procedure. First certain States, including among others, Alabama, Arizona, California, Indiana, Kansas, Ohio, Oklahoma, Tennessee, and Massachusetts, appear to have legal fiscal requirements that impede application of the procedure to these jurisdictions. Second, certain of the Federal agencies using the device have not been fully aware of its basic purpose and have failed to institute an effective monitoring system. A special Federal task force on letter-of-credit procedure spearheaded by Treasury is now reviewing these and other related problems with a view toward overcoming these deficiencies. In short, the letter-of-credit procedure per se is no better than those using it, but with effective implementation it could become a vitally significant financial procedure for eliminating a continuing tension point in intergovernmental fiscal relations.

Section 203 recognizes the merits of this mechanism and seeks to give them the full force of law. It is geared to assuring that States will not draw on grant funds in advance of their program needs. At the same time, it does not seek to hold them accountable for interest or other income earned on any grant funds advanced, prior to their disbursement for program purposes. Effective, governmentwide implementation of this device should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislative requirements for a single State agency, multimember board, or commission. In 1966, we stated before this subcommittee that "about one-third of the Federal grant-in-aid programs are governed by single State agency provisions" and "almost three-fourths of total Federal grant funds are disbursed under these provisions." A cursory examination of grant programs enacted since that time

reveals that at least four of the newer programs, including the narcotic addiction and alcoholism amendments, regulation of surface mining operations legislation, the Clean Air Act amendments, and the Meat Inspection Act, contain single agency provisions.

The merits of the single State agency requirement now appear to be largely historical. In the formative years of the public assistance, for example, the requirement was essential to bring order out of chaos in the existing, as well as newly emerging public assistance programs in the States. It was necessary then that the Federal agency have one and only one State agency to deal with in matters regarding public assistance and that this agency be held responsible for administering these programs. With improved State administration of Federal aid programs however and the pressing contemporary need of the States to restructure their governmental organization in order to keep abreast of their added functions and responsibilities, the kind of flexibility permitted by section 204 is of the utmost significance.

Rigid application of single agency requirements can tie up Governors as well as State legislatures in their reorganization efforts. Moreover, given the increasing number of grant-in-aid programs which require multidisciplinary packaging approaches, a doctrinaire adherence to this requirement appears wholly archaic. Under this section, the head of the administering Federal department or agency is authorized to waive the requirement on request of a recipient State, if the department or agency is convinced that the proposed alternative administrative arrangement will not undermine the program objectives sought through the grant.

One of the most critical needs in contemporary intergovernmental administration is recognition by all concerned that the States have varying administrative needs and capacities. This provision in title II clearly recognizes this fact and gives Federal and State administrators the kind of discretionary authority required to cope with this hard fact of intergovernmental managerial life.

Title III.—Title III of H.R. 5523 and companion bills (as well as of H.R. 16718) seeks to strengthen the role of the traditional "services-in-aid" function in contemporary Federal-State-local relations. It permits Federal departments and agencies to provide specialized and technical services to State and local jurisdictions on a reimbursable basis. A number of Federal departments and agencies already provide such services gratuitously or at cost as a consequence of specific congressional authorization. The increasingly complex and technical nature of State and local governmental activities, along with the soaring costs of providing technical personnel and equipment, highlight the pressing need for this permissive provision.

During the 1966 hearings on the predecessor title, the question arose as to whether this authorization constituted a threat to various businesses in the private sector. It is our opinion that the language of section 302 provides ample safeguards against this potentiality. The earlier hearings on the Senate bill (S. 561, 89th Cong.) also raised the issue as to whether the Federal Government could ascertain accurately the "salaries and all computable overhead and indirect costs of performing such services"—as is stipulated in section 302. The point here, of course, is whether the Federal Government has an adequate procedure to assure fair, adequate, and complete assignment of costs. In this connection, we understand that the Bureau of the Budget, after having consulted with State and local officials, is about to issue a circular promulgating principles and standards for determining costs applicable to grants and contracts with State and local governments. If this is feasible in the grant-in-aid context, we believe that there is no reason that the same rules cannot be applied to the reverse situation contemplated by section 302, that is, to the provision of Federal technical services to State and local governments.

The discretionary power provided in this title would not affect the programs of those Federal agencies that have been authorized to provide special technical assistance, facilities, or consultation services without reimbursement. The "services-in-aid" policy stipulated is wholly permissive; the requesting State or local agencies and the Federal agency involved would have to agree on the scope and costs of the services to be performed.

Title IV.—This title establishes a coordinated intergovernmental policy for the planning and administration of Federal grants for urban development. With increasing urbanization, there has been a rapid growth in Federal funds and programs available for such development. The Commission, in its January 1964

report, "Impact of Federal Urban Development Programs on Local Government Organization and Plans," identified some 43 separate Federal urban development grant and loan programs administered by 13 separate departments and agencies. An early 1966 survey put the figure at over 80 and the present figure probably falls somewhere in the vicinity of 120 (using DHUD estimates).

During the next fiscal year, approximately \$12 billion of the more than \$20 billion of total estimated Federal aid will be spent in standard metropolitan statistical areas, according to the Bureau of the Budget calculations. This represents a hike of about \$8 billion—or nearly 205 percent—over the comparable 1961 figure and a \$3 billion increase for the past 3 years. According to Department of Housing and Urban Development estimates, the total Federal financial commitment for fiscal year 1969 for urban community and social development assistance may well exceed the \$37 billion mark—or twice the 1961 level. These figures, it should be noted, are based on the projected extent of Federal financial obligations or commitments to communities of 2,500 or more and include insurance and guaranteed loans.

The greatest growth in urban-oriented grants have occurred in the areas of education, housing and community development, and programs to better the position of the disadvantaged. They include grants that go directly to the local communities involved as well as those to States which subsequently are channeled to or benefit urban communities.

The need for coordination and improved intergovernmental relations is clearly greatest in our metropolitan areas where, according to the 1967 Census of Governments, the fragmentation and overlapping of governmental jurisdictions is accelerating. Title IV offers some procedures for assisting the various levels of government operating directly or indirectly in such areas to work together to solve common problems. It authorizes the President to establish governmentwide guides for the formulation, evaluation, and review of Federal urban development programs and projects (sec. 401). It also provides as a matter of congressional policy, that agencies—to the maximum extent possible—will take into account all viewpoints—national, State, regional, and local—in the formulation and evaluation of such programs and projects (sec. 401). Moreover, systematic planning required by several individual Federal-urban programs shall—again, to the extent possible—be coordinated with and made part of comprehensive local and areawide urban development planning (sec. 401).

A special feature of our Federal system is that most types of domestic public services are administered by general local governments—cities, counties, and towns. Yet, special districts in the United States are growing at a rapid rate. From 1962 to 1967, these units experienced a 16-percent increase, reaching a total of more than 21,000. It is the Commission's belief that where Federal grant-in-aid legislation makes both special purpose local governments and units of general local governments eligible to receive urban development loans and grants, Federal agencies should favor the latter, in absence of substantial reasons to the contrary. Section 402 of this title implements this goal.

Title V.—Title V of H.R. 5523 (and all companion bills—save H.R. 5525 and H.R. 16718) has a lengthy legislative history dating back to the 87th Congress. It provides a uniform policy and procedure for congressional review of future grants-in-aid to States and local units of government. In those cases where no expiration date for grant authority is specified by law and where such grants are not specifically exempted from the provisions of section 502, a 5-year termination date is stipulated.

Strangely enough, there is still considerable confusion concerning the purposes and provisions of this title. Its basic purpose is to assure that new grant-in-aid programs will be revised and redirected, as necessary, to meet growing and changing needs which they were originally designed to support.

Grants-in-aid, as was noted at the outset, constitute the Federal Government's principal weapon for accomplishing national legislative goals in the domestic arena, while at the same time maximizing intergovernmental cooperation and reliance on grassroots of governmental administration. Yet, one perennial criticism made of Federal grant programs is that once established they tend to continue of their own accord without substantial modification, even when the circumstances that prompted their establishment have changed or disappeared. The need for systematic reassessment of grant-in-aid programs is especially important in a period of rapid urbanization and technological change, such as we are now experiencing.

The Advisory Commission in its report on "Periodic Congressional Reassessment of Grants-in-Aid to State and Local Governments" (1961), and the Joint Committee on Congressional Reorganization in one of its major findings clearly underscored the need for this title. As a matter of fact, it serves as excellent complementary legislation to section 105 of the proposed Congressional Reorganization Act (S. 355 and H.R. 2595) which authorizes "review analysts" for each of the major standing committees of Congress.

With reference to the 5-year termination provision, which has occasioned so much debate and little agreement, the following points should be noted:

It obviously does not apply to those future grant-in-aid programs that would have a termination date;

It would not apply to grants wherein Congress had waived application of this termination provision; and

It would apply only to those grants which Congress—for some reason or other—failed to designate as ongoing or short-run programs.

As a practical matter and if the past is any guide, few grants-in-aid would be affected by this termination provision. Our staff analysis of recently enacted grant programs indicates that Congress as a matter of course now provides expiration dates for almost all grant programs. Of the 41 new or expanded grant programs enacted in 1965, all but three contained expiration or other limiting provisions. (The three include USDA's program for water works and sewage plants in rural areas, and two programs authorized by the Social Security Amendments of 1965.) Of the 30 major grant-in-aid enactments in 1966, only four contained no expiration provision (air pollution control maintenance, the nonfood assistance program under the Child Nutrition Act of 1966, the national trust historical preservation legislation, and assistance for housing in Alaska). Of the 17 enacted during the first session of the 90th Congress (1967), only one had no expiration provision (Meat Inspection Act). Finally, of the four passed thus far in this session, only one (child welfare services under the social security amendments) lacks such a provision. We would like to submit for the record a list of grant-in-aid programs enacted during the period 1961 to April 1968, showing the extent to which specific expiration dates have been provided. This table should allay the fears of those who view section 502 of H.R. 5523 with alarm.

Title VI: This title (in H.R. 5523 and companion bills and title V of H.R. 5525) constitutes an entirely new departure from the previous legislation and is designed to overcome the proliferation of Federal grant programs by authorizing the President to submit to Congress plans for the consolidation of individual categories within broad functional areas. Such authority would be subject to the type of congressional veto that presently applies to executive reorganization plans.

The proliferation of Federal grants has created serious fiscal and administrative problems at all levels. It has generated such difficulties as a lack of information concerning sources of available funds and an overlapping and duplication among functional programs. The inflexibility of the many separate funds and requirements have sapped the capacity of both administrators and elected officials to execute effectively, coordinate, and evaluate grant-in-aid programs.

Consolidation then is a top priority item on practically everybody's checklist on how to strengthen the grant-in-aid system. Unfortunately, consolidation is far easier to discuss than to achieve. Certain encouraging steps, however, have been taken at the Federal level to achieve greater rationality in the maze of programs by grant consolidations.

First, under the leadership of the Department of Health, Education, and Welfare, which administers approximately half of the grant programs, the Comprehensive Public Health Planning and Public Health Services amendments (Partnership in Health Act) were developed and subsequently enacted by Congress. This act consolidates several previously separate categorical programs and established a single authorization, appropriation, and set of requirements. Under it, the States are given considerable discretion in developing their own health services in light of their own special needs.

Second, President Johnson in his March 1967 message on "The Quality of Government" announced that he requested the Director of the Bureau of the Budget to review the range of Federal grant-in-aid programs to determine additional areas where consolidation should be taken. Pursuant to this Presi-

dential directive, top level HEW officials have been working with the Bureau of the Budget in analyzing possibilities of further consolidations in HEW administered programs.

Third, this year two additional consolidating measures were introduced by the administration for congressional consideration: the proposed Partnership in Earning and Learning Act (S. 3099 and H.R. 15066) and the proposed consolidation of the educational opportunity grant, national defense student loan, and work study programs (sec. 402 of S. 3098 and H.R. 15067).

To date then, grant consolidation has followed the normal course of the legislative process. A major rationale for this approach is that combining grants involves changing varying legislative requirements concerning allocation formulas, matching ratios, as well as the basic responsibility of Congress for determining the direction of Federal funds to achieve special and national objectives. The principal defects of this method are of a political and more practical nature. First, middle management administrators at both the State and Federal levels frequently are unfriendly to departmental efforts to consolidate programs which they administer. Second, special interests which usually attach themselves to the grant aided functions frequently set up political obstacles to congressional efforts which threaten to upset the grant-in-aid status quo. Third, the practical problems imposed by the complexity and divergent program goals of the existing grant structure require the cooperation of program specialists in both the executive and legislative branches if effective formulation of workable consolidations is to be had. These factors combine to hinder both departmental and congressional endeavors to achieve grant consolidations through the normal legislative process.

The approach embodied in title VI is geared to overcoming some of these obstacles. Under it, the President would submit grant consolidation plans to Congress under procedures similar to those used for administrative reorganization plans and this would place primary responsibility for this effort in the Executive Office of the President. A plan would become effective at the end of 90 calendar days of continuous session of Congress following its transmittal, unless either House passed a resolution disapproving the proposed consolidation. Each plan would involve a consolidation of individual programs within the same functional area and would focus administrative responsibility in one Federal agency, specify the formula or formulas for making the grant, and describe the differences between the new formula and those under each of the previous individual programs.

Some opponents of this "reorganizational plan approach" have contended that it involves an unconstitutional delegation of legislative authority to the executive branch. We are convinced—and various authorities support us—that the issues involved in this argument differ in no respect from those that apply to the Reorganization Act of 1949, as amended. Thus far, the latter has been voted by Congress on seven different occasions and renewal is again pending. Congress action then, along with court cases upholding the validity of the act, clearly demonstrate the constitutionality of this device.

The Advisory Commission in its massive study of fiscal balance in the American federal system recommended a drastic decrease in the number of separate authorizations for Federal grants and specifically sanctioned the method set forth in this title as a means of furthering this objective.

Title VII: Title VII (title VI of H.R. 5525 and title V of H.R. 16718) amends the Federal Property and Administrative Services Act by stipulating a uniform procedure for acquisition, use, and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with local governments' planning and land use goals. The U.S. Conference of Mayors and the National League of Cities have adopted specific resolutions calling for this title and it is wholly consistent with the findings and recommendations in the Commission's report on the "Impact of Federal Urban Development Programs on Local Government Organization and Planning."

Under the provisions of this title, the GSA Administrator in disposing of Federal urban landholdings, shall, to the extent practicable, give advance notice to the general local government having zoning and land-use jurisdiction over the land involved in the proposed transaction. The Administrator is also directed to comply, to the extent possible, with the zoning and land-use regulations of the local government affected when acquiring or changing the use of any real property in urban areas.

Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets, and other local governmental functions. At present there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs that seek to strengthen local and areawide planning and land-use regulations. The notice required in disposition proceedings would give local governments an opportunity to zone the use of such land in accordance with local comprehensive planning objectives. Moreover, the GSA Administrator in such proceedings, to the extent feasible, would furnish any prospective purchasers with local planning information relating to zoning, land use, and other regulations which would be applicable to the use and development of the property offered for sale. In acquiring or changing the use of real property in urban areas, the Administrator, to the extent practicable, would consider all objections made by the affected local government relating to possible conflicts with its zoning regulations or planning objectives and GSA is required to comply with such regulations and objectives—to the extent he determines feasible. The language of this title clearly protects the Federal interest in these various proceedings. At the same time, due consideration is given to protecting the legitimate planning and land-use objectives of urban local governments.

The thrust and even some of the language of this title closely resemble legislation enacted in the 88th Congress establishing similar procedures for sale or disposition of public lands by the Department of Interior (78 Stat. 986). The following excerpt from the regulations issued by the Department of Interior on this act (Federal Register, Feb. 20, 1965) demonstrate that the procedures established in title VII of S. 698 are both practical and desirable:

Disposal programs will be scheduled in a manner to make all actions consistent with established or proposed State or local governmental programs and with State, county, and other local governmental master and detailed plans. Disposals within the area of influence of growing communities will be deferred until local governmental master plans have been adopted and zoning regulations are in effect. However, in the absence of master plans, critical needs in such areas or influence may be met if such action appears proper to the authorized officer after consultation with the appropriate local planning and governing officials.

No less than 90 days before offering for sale lands which have been classified for disposal under the act in accordance with the procedures in part 2410, the authorized officer will notify the head of the governing body of the political subdivision of the State having jurisdiction over zoning in the geographic area within which the lands are located, to afford that body an opportunity to zone the land for use in accordance with local planning and development.

Furthermore, the testimony on March 8, 1967, of Mr. Boyd L. Rasmussen, Director of Interior's Bureau of Land Management, before the U.S. Senate Subcommittee on Public Lands of the Interior and Insular Affairs Committee would indicate that Bureau of Land Management has found that the local land-use planning requirements of the Public Sale Act of 1964 have produced salutary changes in Interior's land disposition program and afforded the Department major opportunities to strengthen intergovernmental relations in this functional area—an opportunity, it would seem, that the Department and the States and counties involved are using to good advantage.

Title VIII: This title (title VII of H.R. 5525) establishes a uniform policy for the fair and equitable relocation of persons and businesses forced to move by Federal or federally assisted programs. With the exception of those provisions relating to land acquisition which are now covered by title IX, title VIII is identical to a separate bill which passed the Senate on July 22, 1966, but failed in the House.

The Commission considered the issue of Federal relocation policy in a report, approved in January 1965, on "Relocation: Unequal Treatment of People and Businesses Displaced by Governments." This report resulted in the subsequent introduction of separate relocation legislation by Congressman Fountain, Congresswoman Dwyer, and others.

The Commission undertook the study of relocation when it became concerned over the reported lack of uniformity in relocation policies among and within the three levels of government and the resultant inequitable and inconsistent treatment of those displaced. It felt that the problem had clear inter-

governmental implications, particularly because the federally assisted urban renewal and highway programs cause most of the displacement nationwide, and the displacement occurs mainly in urban areas where intergovernmental relations are most critical.

The heart of the Commission's Relocation report was an analysis of governmental policies and practices in relocation current at that time at all three levels. A fundamental source of information was a questionnaire survey of the practices and policies of cities over 100,000 population conducted jointly in the summer of 1964 by the Commission and the U.S. Conference of Mayors. In addition, Commission staff worked closely with the staff of the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works.

The Commission found that governmental responsibility for helping displacees to relocate stems from two sources: (1) Government's exercise of eminent domain in acquiring real property, and (2) its concern for the economic and social welfare of its citizens. Under the constitutional doctrine of eminent domain in the United States, Government can force people to sell their property. The property owner thus cannot refuse to sell if he believes the price offered is insufficient to compensate for all costs of reestablishing himself. Since the courts generally have limited compensation to the fair market value of the real property acquired, property owners and tenants must look to the legislature to be compensated for incidental costs not covered by the value of the real property taken.

Unlike property owners displaced by public acquisition, owners displaced by private acquisition can hold out for a sales price which will assure them compensation for the cost of resettling, as well as the value of their real property. Tenants in either case—public or private—have little protection. Lower income groups are usually renters and find it most difficult to rehouse and readjust.

Government for many years has had a policy of concern for the economic and social opportunities of its citizens. This concern logically should include the social and economic effects of forcible displacement, particularly at this juncture in time.

As a general principle, therefore, the Commission concluded that persons and businesses displaced by local, State, or Federal public works and other programs are entitled to assistance in relocating, and this entitlement extends to lessees and tenants as well as to owners of homes and business establishments.

Nine major findings arose from the Commission study:

It found that governmental displacement of persons and businesses is substantial, particularly with respect to the federally aided urban renewal, highway programs, and local code enforcement. Moreover, all indications are that the rate of displacement will continue to grow. Thus, it is noteworthy that while the House select subcommittee in 1964 estimated future annual displacement of families and individuals by highway departments at 36,770 and businesses and nonprofit organizations at 3,876, a 1967 study by the Department of Transportation estimated these annual figures for the period July 1967 through June 1970 would be 48,983 and 5,559, respectively.

The Commission discovered great inconsistencies in present provisions for relocation assistance. These inconsistencies are among different programs within the same level of government—local, State, and Federal—and among levels of government. They concern the amount and scope of relocation payments, advisory assistance, and assurance with respect to availability of standard housing. Nationwide, federally aided urban renewal and highway programs cause the most displacement. The urban renewal program makes the most comprehensive provision for relocation assistance, but relocation provisions of the highway program are appreciably less equitable.

The effect of the inconsistencies is felt most keenly in urban areas where programs of all kinds at all three levels of government most frequently come together—where different Federal and federally aided programs displace neighboring properties. A homeowner whose property is taken for a federally aided urban renewal project is entitled to moving costs up to \$200. His neighbor, whose property is taken for a federally aided highway program, is entitled to \$200, but only if the State has authorized it. As of April this year, 14 States had not authorized such payments, and even among the States that have, an appreciable number have not authorized payments up to the Federal limit, or not for tenants and lessees. A third homeowner in the same neighborhood may receive nothing at all if his property is taken by General Services Administration for an office building. Inconsistency in payment of business moving expenses is even greater

since the Federal Aid Highway Act allows business moving expenses only up to \$3,000, whereas displacement by a federally aided urban renewal project entitles a business owner to as much as \$25,000 for moving expenses. Displacement by GSA would be without compensation for moving costs.

The worst problem in relocating families and individuals is the shortage of standard substitute housing for low-income groups.

Nonwhites have the most difficult relocation problem of all population groups. This comes from their generally lower economic and educational status; the impact of urban renewal and code enforcement programs on neighborhoods where they are concentrated; and public and private practices that restrict their access to housing.

Large families and the elderly present other special housing problems.

Among business displacees, small businesses, particularly those owned and operated by the elderly, are the main dislocation problem. The typical displaced small business is an independent commercial establishment, a partnership, or a proprietorship rather than a corporation. The elderly generally have less capital and find it more difficult to secure outside financing. They have little energy or spirit to resume business in a new location. Their problem is most serious when they operate their own business and depend on it for their livelihood. Their businesses are usually retail or personal service stores, dependent on long-developed neighborhood patronage.

Advisory assistance is of growing importance in the relocation process.

The relocation process often discloses the social and economic need of displaced persons, and thereby offers a unique opportunity for helping less privileged social and economic groups.

Three years have elapsed since the Commission adopted this report, but there has been little change in the basic conditions it criticized then. The consequences of inconsistency and inequity in relocation policies and practices have become worse, if anything, because of the continuing rise in displacements caused by governmental programs.

As already noted, the Commission's 1965 study found that the most serious inequities in Federal relocation policies arose because highway programs cause about one-third of the relocation problem and the level of highway assistance and payments is substantially below that of the major Federal displacing program—urban renewal. It is therefore significant that a special 1967 study on highway relocation assistance undertaken by the Department of Transportation pursuant to congressional mandate in Public Law 89-574 strongly corroborates the principal findings of the ACIR study. The DOT study states, for example:

"As the highway program has moved forward with a desirable acceleration, the problem of relocation has become more and more aggravated and has affected more and more individuals and businesses. There is an urgent need to fashion a better solution to the urban relocation problem than has existed heretofore.

"This is not a problem peculiar to the highway program alone. It is equally as acute in urban renewal, public building, construction, reclamation projects, and other public improvement programs. In fact, to the extent possible, a generally uniform approach to the solution of the relocation assistance problem seems indicated."

In summarizing the results of consultations with urban officials throughout the country, the DOT report states:

"The problem most frequently mentioned at over 80 percent of the meetings was the disparity of moving cost payments allowed under urban renewal policy, Federal-aid highway policy, and State legislative policies.

"The second problem most frequently referred to was the lack of uniformity of the many relocation assistance procedures within the large urbanized areas. There were differences in payments, time element, administrative practices, planning, eligibility rules, etc.

"Still another problem mentioned was the low income of the minority groups displaced, which in turn created difficulty or in many cases inability to relocate to decent, safe, and sanitary housing units without welfare-type assistance * * *.

"Uniformity in relocation procedures and moving payment was the most emphasized recommendation at the majority of the meetings. The lack of uniformity of the many governmental agencies created some bitterness and disillusionment in the large urban areas where several different programs were in operation at the same time."

The findings of the Commission's 1965 report are confirmed almost daily by reports in the news media of public confusion and outrage at inequitable relocation policies.

On the basis of its findings, the Advisory Commission on Intergovernmental Relations made 14 recommendations for local, State, and Federal action to meet the problems of persons displaced by governments. The recommendations fell under six major headings: (a) uniformity of relocation advisory assistance and payments; (b) assignment of responsibility for determining relocation payments; (c) assurance of the availability of standard housing for displaced people; (d) financing of relocation costs; (e) modifications of related Federal programs to ease the relocation process; and (f) local organization, technical assistance, and planning for relocation. For Federal action, it recommended:

1. That the Congress establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by direct Federal programs and by Federal grant-in-aid programs, and that the President direct that the necessary steps be taken to formulate uniform regulations for carrying out such a policy.

2. The Congress should require that State and local governments administering Federal grant programs assure the availability of standard housing before proceeding with any property acquisition that displaces people. This requirement should be at least comparable to that in Federal urban renewal legislation, assuring that (a) there is a feasible method for temporary relocation of displaced families and individuals, and that (b) there are or are being provided standard housing units within their financial means and in areas reasonably accessible to their places of employment.

3. With respect to financing relocation payments under federally assisted programs, the full costs of payments to any person for relocating a family, and the costs of payments up to \$25,000 to any person relocating a business, should be completely reimbursed by the Federal Government; and the costs of business relocation payments in excess of that amount should be shared on the basis of the cost-sharing formula governing the particular program.

4. The Small Business Administration Act should be broadened to authorize disaster loans to small business concerns (a) that suffer substantial economic injury as a result of a construction program conducted by State and local government; or (b) that are adversely affected but not actually displaced by Government property takings.

5. The executive branch should: (a) authorize and encourage all Federal agencies causing displacements in urban areas to centralize in a single local agency in each major urban jurisdiction, through formal or informal agreement, responsibility for administering relocation planning, payments, and services; and (b) require all displacing agencies to give advance notice at the earliest practicable time to local units of general government of any construction programs which will cause displacement.

Title VIII of H.R. 5523 and companion bills (title VII in H.R. 5525) would carry out these recommendations. Basically, it would establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by Federal direct and grant-in-aid programs. Thus, under section 802 heads of Federal agencies are required to make relocation payments in direct Federal programs causing displacement, such as GSA, the Post Office Department, or the Defense Department, in accordance with regulations established by the President. Section 803 requires the same agencies to provide relocation assistance programs and specifies that these include (a) determining needs for assistance, (b) assuring the availability of standard housing within a reasonable period of time prior to displacement, (c) assisting businesses and farm operators in relocating, (d) supplying information regarding FHA, SBA, and other assistance programs, (e) helping in minimizing readjustment problems, and (f) coordinating relocation with other project activities and governmental activities in the community or nearby areas. This section also broadens the Small Business Administration Act to authorize disaster loans to small concerns that suffer substantial economic injury from construction conducted by State and local governments or that are adversely affected but not actually displaced by Government property takings.

Section 807 extends the requirements of sections 802 and 803 with respect to payments and advisory assistance to federally assisted programs conducted by State and local governments.

Section 807(b) is in accord with the Commission recommendation that the Federal Government fully reimburse State and local governments for relocation payments up to \$25,000 in federally aided programs and on a formula cost-shar-

ing basis for any portion above \$25,000 per displacement. The Federal reimbursement would be contingent on the State or local agency's agreeing to provide relocation payments and advisory assistance as prescribed by Federal law and regulations.

Finally, section 805(c) follows the Commission recommendation that the executive branch encourage Federal agencies causing displacements in urban areas to centralize in each major urban jurisdiction responsibility for relocation administration. It provides that the President may require any Federal agency to carry out its relocation functions by entering into contracts or agreements with any State or local agency for use of its relocation facilities, personnel, and services.

To sum up, the Commission's recommendations are precisely in accord with those in title VIII with respect to (a) uniformity among Federal and federally assisted programs concerning relocation payments and advisory assistance, (b) assurance of provision of a supply of standard housing for those displaced, (c) Federal reimbursement for relocation expenses in federally aided programs, and (d) Federal encouragement of coordination of relocation administration in major urban areas.

A relevant question is: What would be the cost to the Federal Government of the proposed provisions for relocation payments compared to the cost of present provisions? It is extremely difficult to make an estimate because of the lack of recent data on displacement of people and businesses by programs other than the HUD and highway programs, and on the number of displacees likely to be eligible for the \$1,000 adjustment payments for families and the \$1,000 and \$5,000 relocation payments for farmers and businesses, respectively.

Within these limitations, it is our very rough estimate that the cost to the Federal Government for fiscal year 1967 under title VIII of H.R. 5523 would have been about \$79 million, compared to an estimated \$40 million cost under existing relocation payments provisions. Of the total increase of about \$39 million, about \$29 million is attributable to the highway program, resulting from extension of coverage from 33 (in fiscal year 1967) to 50 States, liberalization of relocation payments, and the proposed increase in the Federal share of relocation payments from 90 percent of interstate roads and 50 percent on primary and secondary roads up to 100 percent for all payments of \$25,000 or less.

Another \$8 million of the total increase would be for the HUD programs, again reflecting liberalization of relocation payments provisions. The remainder of the estimated increase is accounted for by liberalized payments by the Army Corps of Engineers, and initiation of payments by four Federal agencies not now reimbursing for relocation expenses: GSA, the International Boundary and Water Commission, the Post Office Department, and TVA.

In conclusion, we should note that in its report the Advisory Commission also urged States to adopt uniform relocation policies to govern strictly State-local activities. An increasing number of States in recent years have acted to establish consistent relocation practices within their borders, including the payment of relocation costs. As early as June 1964, the Pennsylvania Legislature authorized payments of relocation moving costs as part of the State's first comprehensive eminent domain act applicable to all property takings by State and local agencies (Laws of Pennsylvania, Act No. 6, 1964). The Pennsylvania law provides that "just compensation" shall consist of the fair market value of the real property taken, plus such other damages as provided in the law.

The latter include the following and are payable to both owners and tenants of real property: (1) reasonable expenses of removal, transportation, and installation of machinery, equipment, or fixtures, not to exceed \$25,000 and in no case to exceed the market value; (2) business dislocation damages, where it is shown that the business cannot be relocated without substantial loss of patronage—payments may be no more than \$5,000 and no less than \$250; (3) moving expenses for personal property other than machinery, equipment, or fixtures, not to exceed the market value of the personal property.

In 1965, the General Court of Massachusetts passed a law requiring payment of moving expenses of up to \$200 to families and individuals and up to \$3,000 to businesses when displaced by agencies that exercise the power of eminent domain (Acts 1965, C. 790). Any proposed acquisition involving displacement of occupants of more than five dwelling units or more than five business units may not proceed until the central bureau of relocation in the State department of commerce and development has approved a relocation agency and a relocation plan

for the project. The relocation plan must include evidence of "the availability of safe, decent, sanitary housing and commercial buildings within the means of occupants to be displaced," and a program for relocation of the occupants.

In 1967, the New Jersey Legislature passed an act (Public Laws 1967, C. 79) requiring any State agency or local government causing displacement to pay relocation costs of up to \$200 for individuals and families, \$3,000 for businesses and nonprofit organizations, and \$4,000 for farm operations. It assigned to the Commissioner of the Department of Community Affairs responsibility for certifying that displacing agencies have workable relocation assistance programs in effect before forcing anyone to move.

Last year, the Connecticut Legislature created a department of community affairs and assigned it important relocation responsibilities, including the administration of grants-in-aid for relocation payments made by localities (Public Act 522, laws 1967, sec. 24). The commissioner of the department is authorized to give such aid to municipalities for relocation payments up to \$250 for any individual or family and up to \$25,000 for any business concern or farm.

Federal and federally assisted programs, however, cause the great bulk of relocation traceable to governmental action. It ill becomes the Federal Government then to lag behind the States in treating fairly those on whom it inflicts hardship by its many property-taking activities. This is one more reason the Commission believes a uniform and equitable policy of relocation assistance as provided in title VIII of H.R. 5523 and H.R. 5524 is long overdue.

Title IX: This title of H.R. 5523 and companion bills (title VIII in H.R. 5525) establishes a uniform policy on land acquisition practices used in Federal and federally assisted development programs, and complements the previous relocation title.

In recent years, there have been growing complaints concerning the equity of Government agency land acquisition practices, the adequacy of traditional standards of compensation, and the sufficiency of assistance to persons adversely affected by Federal direct or federally assisted public improvement programs. These problems have been largely treated on a piecemeal basis, with consequent inconsistency among areas covered and inequity for those not covered. As a result, bills were introduced in Congress as early as the 85th Congress proposing an independent commission to make a comprehensive study of all aspects of the land acquisition and relocation problems. One bill to establish such a commission was introduced in the 86th and 87th Congresses by Senator John Sparkman, then chairman of the Housing Subcommittee of the Senate Banking and Currency Committee. The Bureau of the Budget supported the objective of the commission but suggested that the study be conducted within the legislative branch. This proposal was adopted when the House Committee on Public Works established the Select Subcommittee on Real Property Acquisition in 1961. After 3 years of intensive study, the subcommittee in December 1964 filed its report, "Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in Federal and Federally Assisted Programs." Its recommendations were introduced in the 89th Congress as S. 1201 by Senator Sparkman and in the House as H.R. 3421 (Representative Johnson of California), H.R. 6559 (Representative Bingham), and H.R. 6580 (Representative St Germain).

Because of its provisions on relocation, S. 1201 was linked with S. 1681 and referred to the Senate Subcommittee on Intergovernmental Relations, which held hearings on both bills in early summer, 1965. At the suggestion of the Bureau of the Budget, nearly every Federal agency which testified or submitted a statement requested more time to study the land acquisition provisions of S. 1201, so that attention was focused on the relocation provisions. S. 1681 eventually passed the Senate and included three land acquisition provisions paralleling subsections 402(1), 402(2), and 402(3) of the Housing Act of 1965, which also conformed to three provisions of title I of S. 1201. Following Senate action on S. 1681, the Senate Subcommittee on Intergovernmental Relations received detailed reports from the Bureau of the Budget and other agencies on the land acquisition provisions of S. 1201.

Title IX of H.R. 5523 (and all companion measures except H.R. 5525, wherein it appears as title VIII) incorporates the three land acquisition proposals that formerly appeared as section 10 of S. 1681, plus other land acquisition provisions adapted from sections 101-106 and 112 of S. 1201. In effect, this title represents the first attempt by the Federal Government to establish a uniform policy on land acquisition practices covering both Federal and federally assisted development programs.

Section 901 establishes uniform standards to guide the land acquisition practices of Federal agencies. It requires that—

Every land acquisition agency make every reasonable effort to acquire property by negotiation rather than condemnation;

Appraisals be made before initiation of negotiations;

The Federal agency establish a fair and reasonable purchase price before the start of negotiations and make a prompt offer to acquire at that price;

No owner be required to surrender possession of his property before the Federal agency pays the agreed purchase price or deposits with the court an amount not less than the appraised fair value or the amount of the condemnation award;

No occupant be required to move without at least 90 days' written notice;

The Federal agency permit a property owner to remove an improvement if it is not required by the agency;

Tenants of property acquired by the Government not be charged rent above a fair rental value;

Federal agencies not advance the time of condemnation or defer the condemnation or deposit of funds in order to pressure the owner to agree on a price for his property;

If property is to be acquired by eminent domain, the Federal agency institute formal condemnation proceedings;

If the acquisition of only part of a property would leave the owner with an uneconomic remnant, the Federal agency acquire the entire property; and

The Federal agency take into account human considerations in setting the boundaries of a proposed public improvement.

In brief, this section makes it clear that the Congress desires that public agency policies and procedures for the acquisition of real property should be fair and consistent, and should be directed to giving the property owner the full measure of compensation authorized by law promptly, with a minimum of inconvenience, and without forcing him to prolong negotiations or to costly litigation. Many Federal agencies adhere to some or most of these procedures and their reports on S. 1201 (89th Congress) indicated they could abide by all of the above.

Section 902 directs that "fair market value" be paid as compensation for purchase or condemnation. Section 903 requires that a Federal agency which takes land or an interest in land must take a similar interest in any improvement that is part of the real property. It also provides a uniform standard for determining whether a structure or other improvement is a part of the real property. Section 903 further provides for equal treatment of property owners and tenants with respect to buildings and structures on land taken.

Section 904 authorizes Federal agencies to reimburse property owners for reasonable and necessary expenses incidental to transferring title to real property to the United States. This recognizes the inequity in taking private property for public use and requiring the owner, who may be unwilling to sell, to incur expense in order to transfer title.

Section 905 applies to federally assisted programs key elements of the property acquisition policies and procedures for direct Federal programs set forth in sections 901 through 904. Specifically, it states that State or local agencies may not receive Federal aid for acquisition of real property unless they agree to: Acquire by negotiated purchase rather than condemnation when reasonably feasible; give 90 days' advance written notice to vacate; and establish a price before beginning negotiation and make a prompt offer to acquire the property at that full price. Further, beginning in 1970, such agreements must also include provision that the State Agency: will pay the agreed purchase price, make available to the owner 75 percent of the appraised fair value of the property, or deposit or pay the final amount of the condemnation award; will disregard any decreases in market value caused by preliminary administrative actions or public announcements of a proposed public improvement; and will assure equal treatment of property owners and tenants in regard to improvements owned by the tenant. The latter effective date of this provision is in recognition of the fact that some State and local government agencies cannot legally or practicably comply without first obtaining appropriate authorizing legislation.

The requirements under section 905 for preferring negotiation to condemnation, for 90 days' notice, and for prompt payment of the negotiated, appraised, or

condemnation price, already apply to certain acquisitions financed by the Department of Housing and Urban Development pursuant to 1965 legislation, as noted earlier.

To grasp the significance of achieving a more uniform and fair property acquisition policy, one need only examine the anticipated annual scale of future property acquisitions under direct Federal and federally assisted programs, as estimated by the House Select Subcommittee on Real Property Acquisition in its 1964 report:

MAGNITUDE OF FUTURE PROPERTY ACQUISITIONS, ANNUAL BASIS (ESTIMATE)

	Acreage	Compensation payments	Ownerships
Direct Federal.....	1,204,700	\$214,400,000	30,660
Federally assisted.....	523,100	1,403,900,000	152,340
Total.....	1,727,800	\$1,618,300,000	183,000

The Advisory Commission on Intergovernmental Relations believes these figures argue eloquently for a serious effort by the Federal Government to bring order and equity to its property acquisition policies, and that title IX, largely based on the exhaustive study of the House Select Subcommittee on Real Property Acquisition, is just such an effort. Not to be overlooked is the fact this title's provisions are essentially in accord with the reports of the Bureau of the Budget, Department of Defense, Department of Interior, and General Services Administration on S. 1201 (89th Congress).

MR. BLATNIK. Governor, we have a quorum call on the floor now. We rarely have a quorum call this early. We thought we had another half hour. I have some questions and I know the gentleman from Ohio has several questions. What is your schedule? Would you be able to be here tomorrow? Don't alter any program or schedule you may already have.

MR. BRYANT. My plans do not call for me to be here, Mr. Chairman, I regret to say.

MR. Colman could be here.

MR. BLATNIK. If Mr. Colman could be here, that would be satisfactory.

We also have more questions of Mr. Hughes, who has been extremely helpful.

MR. HUGHES. I could be here tomorrow if you wish, as far as I know, Mr. Chairman.

MR. BROWN. I think it would be very valuable to have Governor Bryant's vast experience in the field of administration at the State and community levels; but I concur with you, Mr. Chairman, that I wouldn't want him to change any of his plans.

If the Director of the Advisory Commission on Intergovernmental Relations can be on hand tomorrow, along with Mr. Hughes, that would be very helpful.

MR. HUGHES. Mr. Chairman, if I could make just one other comment with respect to the additional matters that Governor Bryant referred to, the relocation assistance, land acquisition policy, and the grant consolidation matter—we dealt with these in a rather detailed letter of June 10, which I believe the committee has, and I think you might wish to consider placing that in the record.

As a general comment, we favor the objectives of each of these titles of the various bills; and beyond that, subject to the amendments that

are detailed in that letter, we would favor the specifics of the provisions.

Mr. BLATNIK. You do?

Mr. HUGHES. Subject to certain amendments which are detailed in that June 10 letter.

Mr. BLATNIK. I have read the letter of June 10, and it shall appear in the record at this point. It makes a very, very strong case for important areas; certainly for some form of congressional oversight and review.

(The letter referred to follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 10, 1968.

HON. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This report is in response to your requests for our views on a number of intergovernmental cooperation acts; namely, H.R. 599, 624, 2049, 4271, 5522, 5523, 5524, 5525, 5526, 5527, 5770, 8071, 8194, 8969, 9154, and 16718.

The Bureau will be testifying on H.R. 16718 on Wednesday, June 12, 1968, which is a bill "To achieve the fullest cooperation and coordination of activities among the levels of Government in order to improve the operation of our Federal system in an increasingly complex society to improve the administration of grants to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes."

At the hearings we will give our views on the four substantive titles of H.R. 16718. The other bills include these titles together with provisions for: relocation assistance, uniform land acquisition policy, and consolidation of grant-in-aid programs.

Relocation Assistance

A number of the bills on which we are reporting in this letter contain relocation assistance provisions. These titles would establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by Federal and federally assisted programs or by related activity in public improvement programs. This policy would be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

The House Public Works Committee's Select Subcommittee on Real Property Acquisition issued a staff report in 1965 which clearly documents the case, that the Federal, State, and local governments are falling far short of equity in treatment of those displaced by governmental programs. The Bureau of the Budget favors enactment of legislation which would minimize inequities which exist when land is acquired for use in a Federal or federally assisted program.

Generally, these titles would establish a workable, uniform system for fair and equitable treatment of individuals displaced by acquisition of real property in Federal and federally assisted programs. However, in an effort to improve the relocation program, we have formulated a number of recommendations and also offer some technical suggestions. For purposes of facilitation, we will limit our comments to title VII of H.R. 5525.

Section 702(b) of this bill provides that under certain circumstances, a displaced person who moves or discontinues his business may elect to accept an optional payment of up to \$5,000. We understand that the intent of this optional payment is to cover both (1) the cost of moving and (2) a readjustment allowance payment to assist small businesses in making up for the economic impact of displacement. If this is in fact the intent, we recommend that section 702(b) be revised to treat these two purposes more clearly by providing for two separate payments; one for actual moving expenses and one for economic readjustment. Ac-

cordingly, section 702(b) should be amended as follows: Delete the first sentence in section 702(b) beginning on line 19 with "If" and ending on line 25 with "lesser." Substitute the following for this sentence: "In addition to the payment authorized by subsection (a) of this section an additional payment is authorized for any displaced person who moves or discontinues his business provided the average annual net earnings of the business are less than \$10,000 per year. This payment shall be in an amount equal to the average annual net earnings of the business or \$2,500, whichever is the lesser."

Section 702(c) (3) provides that should a displaced person who moves from a dwelling select an optional payment in lieu of reimbursement for fair and reasonable expenses as provided by 702(a), he would receive \$300 in addition to the allowances provided by 702(c) (1) and 702(c) (2) if he purchases a dwelling for purpose of residence within 1 year from the date of actual displacement. This payment would be made only if the displaced person selects the optional payment. We would like to invite the committee's consideration of whether or not this payment should also be made to a displaced person who elects to receive fair and reasonable relocation payments as provided by section 702(a).

The provisions of title VII of H.R. 5525 fail to recognize the problem of the owner-occupant of real property which is acquired, but for which the fair market value paid is not sufficient to enable the previous owner to obtain a decent, safe, and sanitary dwelling adequate in size to meet his needs. This most frequently occurs as a result of the private market no longer producing a significant volume of new housing in the price ranges comparable to that being acquired under Federal and federally assisted programs. Accordingly, we invite the committee's consideration of the following amendment to be inserted as subsection 702(f), with the present subsection (f) redesignated (g).

"(f) (1) In addition to amounts otherwise authorized, the head of such Federal agency may make a payment to the owner of real property which is acquired for the project and which is improved by a single- or two-family dwelling occupied by the owner for a period of not less than 1 year prior to the initiation of negotiations for the acquisition of such property. Such payment, not to exceed \$5,000, shall be an amount which, when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced owner, reasonably accessible to public services and places of employment and available on the private market: *Provided*, That such payment shall be made only to a displaced owner who purchases and occupies a dwelling within 1 year subsequent to the date on which he is required to move from the dwelling acquired for the project.

"(2) The Secretary of Housing and Urban Development shall make the determination under this subsection on the prices prevailing in the locality for dwellings meeting the requirements of paragraph (1) above for all agencies making such payments."

Section 702(f) of H.R. 5525 would make all functions performed under section 702 subject to the provisions of the act of June 11, 1946, and judicial review. The Department of Justice and the major real property acquiring agencies advise that this provision would unnecessarily burden property acquiring agencies with the expense of making a record upon which defense of their determinations may be based and will add to the litigation load of the Department of Justice. Furthermore, it appears that under section 702(f) only the publication, public inspection, and judicial review provisions of the Administrative Procedure Act would be applicable, although the "all functions performed under this section" language carries the implication that administrative determinations must be made in accordance with all the requirements of the Administrative Procedure Act. In the latter circumstances the expense to agencies would be considerable, and delays in making payments would detract from some of the intended benefits of the bill.

The primary purpose of section 702(f) is to give recognition to the principle that the payments authorized by section 702 should be viewed as rightful compensation of persons displaced by Federal programs. The need for this provision would appear to be more theoretical than practical.

The Department of Defense advises that during 15 years it has administered thousands of applications for payments for relocation costs under its broad authority (10 U.S.C. 2680) with a negligible number of appeals from displaced individuals to the Department. We believe that the objective of this provision can be achieved by making clear that the provisions of section 702 as regards

relocation payments would represent congressional policy and that the heads of agencies would be responsible for its faithful execution. For the language now in section 702(f) we recommend substituting:

"Any person aggrieved by a determination as to eligibility for a payment authorized by this section, or the amount of a payment, may have his application reviewed by the head of the agency, whose determination shall be final, and no provision of this section shall be construed to give any person a cause of action in any court."

Section 703(a) of this bill provides for a relocation assistance program not only to individuals actually displaced from the acquired property but also to those who occupy property adjacent to the acquired property and who are caused substantial economic injury by the acquisition.

We believe it is impractical to determine where to stop Government assistance if indirect effects of Government acquisition are to be considered. For example, a business operating one block (or farther) from the property taken might be affected more than one adjacent to it. Suppliers or customers of businesses adjacent to such property may also be adversely affected if those businesses move or cease operations. Moreover, it would often be impossible to determine whether the decreased profits or losses suffered by an adjacent business were actually caused by the property acquisition or by other factors. We are convinced that aid to those indirectly affected should be confined to that generally available, such as loans and advisory services from the Small Business Administration or assistance under the Manpower Development Training Act. We therefore recommend that the balance of section 703(a) beginning with "If the head of such agency" on line 12, page 33, be deleted.

Section 703(c)(2) would require Federal agencies to assure the availability of adequate substitute dwellings within a reasonable period of time prior to displacement. The last clause of section 703(c)(2) provides for waiver of the assurance requirement in periods of national emergency proclaimed by the President. We believe that there may be other cases when it will be in the national interest to proceed with a land acquisition project even though the Government cannot assure comparable housing within an individual's financial means. For example, we have been advised by the Department of Defense that there have been a number of times when it has been necessary to acquire real property for urgent national defense purposes when the President has not formally proclaimed a period of national emergency. This situation arose during the Cuban crisis when it was necessary to obtain certain properties and thousands of cableline easements were urgently required for the installation of Minute Man launching sites and easements for the control of such launching for the protection of this Nation. Under the then existing world situation, any delay which would have resulted to enable assurance of housing could have resulted in incalculable dangers or risks.

There are other situations in addition to the national defense of the country when the Government must move swiftly to protect individuals or a community. Some of these may be caused by natural disasters such as floods or earthquakes, or sometimes it has been our experience when excavations are made for the basement and piles are driven for the new building, large timber supporting footings of adjacent buildings are endangered. Such is the case surrounding the new Foley Square courthouse, an office building in New York City, N.Y. We believe it is desirable to provide sufficient flexibility in the relocation requirements of the bill to enable a distinction to be made when circumstances similar to those described above may arise. Therefore, we recommend revision of this section to provide that the President may provide by regulations situations when such assurances may be waived. This can be accomplished by deleting the balance of section 703(c)(2) beginning with "such assurance" on line 12, page 34, and substituting the following: "the President may prescribe by regulation situations when such assurances may be waived; . . ."

Section 703(d) would make three changes in section 7(b)(3) of the Small Business Act. Under the current law, small businesses are eligible for long-term, low-interest loans if they have suffered substantial economic injury as a result of displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government. Title VII would extend this loan program (1) to cover not only small businesses displaced, but also nondisplaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs but also by ". . . any other public

improvement program . . ." and (3) to cover not only businesses injured by Federal or federally aided programs but also businesses injured by wholly State-run programs.

The Bureau of the Budget is opposed to these amendments to the Small Business Act. As noted in our comments on section 703(a), we believe it is impractical to provide assistance to other than those who are actually displaced. Further, we do not believe it is appropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally assisted programs. Accordingly, we recommend that section 703(d) be deleted.

Section 704 provides that when lands are acquired by a State agency for a Federal public improvement project, such acquisition shall be deemed to be an acquisition by the Federal agency having authority over the project for purposes of providing relocation payments, assistance, and assurances. The staff report of the House Public Works Committee's Select Subcommittee on Real Property Acquisition included a bill with such a provision. That report states that the reason for this provision is to assure relocation assistance for individuals displaced when local interests provide the necessary lands for Federal projects, as in the case of flood control projects. The Corps of Engineers requires localities to furnish lands, easements, rights-of-way, and relocation of utilities in these and certain other water resource projects.

We agree with the intent of section 704 to provide relocation assistance for displaced individuals in public improvement projects, as in the case of acquisitions of property by the Federal agency. However, when land is furnished incident to a Federal public improvement project, relocation should be the responsibility of the State agency as a prerequisite to the acceptance of the properties for project purposes. Relocation expenses should be considered an essential cost of the acquisition and borne by the party responsible for land acquisition.

In addition, we do not believe that the present arrangements for cost sharing should be disturbed because the study of the Water Resources Council (established by Public Law 89-80) on this subject is not complete. Pending the outcome of the Council study, present cost sharing arrangements should not be disturbed and the relocation expense should be considered part of the land acquisition cost for Federal public improvement projects and be borne by the local agencies.

Accordingly, we recommend that the following be substituted for section 704:

"SEC. 704. Whenever real property is acquired by a State agency for a Federal public improvement project, the Federal agency having authority over such project may only accept such property in those cases in which the acquiring State agency has made relocation payments, provided relocation assistance, and provided assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency, such payments and assistance to be considered a part of the real property acquisition cost."

Section 705 would authorize the President to make such rules and regulations determined necessary to carry out the provisions of the act and also would prescribe minimum legislative guidelines. Section 705(a)(2)(A) would limit reimbursement to actual and reasonable expenses in searching for a replacement farm to those individuals who are displaced from a farm operation. The Department of Defense advises that it has followed the policy of reimbursing persons in locating all types of replacement property and can find no reason to limit the reimbursement to farms. The General Services Administration also recommends reimbursement for searching for all types of replacement property. Accordingly, we recommend that this provision be amended on page 36, lines 21 and 22 by deleting "in the case of a farm operation," and on page 36, line 23 by substituting "property" for "farm".

Section 705(a)(2)(B) would authorize a payment to businesses and farm operations which dispose of their personal property and replace such at the new location. This payment would be made whether or not any expense is actually incurred by displaced persons. The Department of Defense, under its present authority to make relocation payments, only authorizes the payment of the difference between the sale price and the cost of comparable replacement property, but not in excess of the cost of moving the property or its market value, whichever is less. Under the present language, the owner would be entitled to an amount equivalent to the full cost of moving irrespective of any difference between the disposal and replacement amounts. A displaced person who would dispose and replace personal property of a very low value, which is very bulky, heavy, and

costly to move might receive an unintended "windfall" if the present language remains in the bill. We believe that the present practice of the Department of Defence should be made applicable to all programs and we recommend that this provision be amended to read as follows:

"(B) if he disposes of personal property on moving his business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Section 707 details the requirements for approval of contracts or agreements State agencies must meet for Federal financial assistance, the type of relocation payments and assistance to be provided, and how the program is to be financed.

Section 707(a)(2) requires State agencies to make fixed relocation payments in the same amount under the same terms and conditions as are required to be made by a Federal agency by subsection 702(b), (c), (d), and (e) of this title.

We believe there should also be authorized for federally assisted projects the payment for owner-occupants which we recommended as a new subsection 702(f). However, we understand that several States are considering legislation which would permit such payments as a part of the acquisition price under eminent domain rather than as a separately determined relocation payment. We believe this bill should prevent the possibility of double payment without, however, eliminating an area of experimentation. This can be accomplished by a provision prohibiting Federal assistance for a payment under this section if the owner-occupant receives a payment under State law which the head of the Federal agency determines to have the same purpose and effect and for which Federal assistance is available. Accordingly, we recommend the following language be inserted as subsection 707(a)(5):

"(5) A payment for owner-occupants under the same terms and conditions as are required to be made by Federal agencies by subsection 702(f) of this Act: *Provided*, That no such payment shall be required or included as a project cost under subsection 707(b) if the owner-occupant receives a payment required by the State law of eminent domain which is determined by the head of the Federal agency to have substantially the same purpose and effect as subsection 702(f) and to be part of the cost of the project for which Federal financial assistance is available."

Section 707(b) provides in the case of federally assisted projects that costs of relocation would be included in project costs and Federal financial assistance would be provided to the same extent as other project costs, except that the Federal agency would contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. The effect of the proposal would be to have the Federal Government assume almost all relocation payments.

We believe that relocation payments are an essential element of project cost and see no reason to exempt the first \$25,000 from the usual sharing requirements. Moreover, these relocation provisions will be administered by local agencies. They can be expected to administer the provisions more economically and efficiently if they are also required to bear the same portion of these costs as of other project costs involved. We believe strongly that relocation payments should be shared as other project costs. Accordingly, we recommend that the comma after "project costs" on line 13, page 40, be changed to a period and the balance of the sentence on lines 13, 14, and 15 be deleted.

We believe that a new section should be added to this title to provide for the effective date of this title. This amendment is necessary to provide sufficient time for the assignment of responsibility and for drafting of regulations for direct Federal programs and to allow State and local governments sufficient time to make necessary changes in their laws and possibly their constitutions to permit the agreements required as a condition of Federal aid. We recommend the new section 711 should read as follows:

"This Act shall become effective 180 days after enactment, except that sections 707, 708, and 710(a)(4), (5), (6), (7), (8), (9), and (10) shall become effective three years after enactment; *Provided*, That, commencing 180 days after enactment, the provisions of sections 707 and 708 shall be applicable with respect to any contract, grant to, or agreement with a State agency, where such State agency is able under State law or local ordinance to agree to the requirements set out in section 707(a) and the provisions

of law governing relocation payments and assistance otherwise applicable to the provisions of Federal financial assistance to such State agency shall be superseded by this Act."

Uniform Land Acquisition Policy

H.R. 5523, H.R. 5524, H.R. 5525, and H.R. 5770 contain titles which establish a uniform land acquisition policy. Our comments on this subject, once again for purposes of facilitation, are addressed to title VIII of H.R. 5525. This title prescribes uniform policies and administrative procedures for the guidance of agencies in acquiring real property; reaffirms the policy for compensation of property acquired; directs the acquisition of interests of lessees on land purchases; and provides reimbursement to owners for various collateral expenses incurred incidental to transfer of title to the Government. We concur in the objectives of title VIII, but believe that certain amendments are desirable for purposes of clarification, permitting greater flexibility and more fully protecting the Government's interest.

Section 801 of H.R. 5525 establishes specific guidelines which Federal agencies would be expected to follow in administering programs involving land acquisition. These provisions presumably are designed to assure that landowners receive the full measure of compensation authorized by law and equitable treatment when their property is acquired for Federal programs. While they do not create rights or liabilities not otherwise existing or available, nonetheless, there is a strong implication of a mandate on Federal agencies to follow all of these practices.

Section 801(a) (3) concerns the establishment of a fair and reasonable price to be paid for property acquired. We interpret this provision as assuring that the Government will reimburse landowners in an amount which is fair and reasonable, commensurate with the appraised value of the land, and arrived at through mutual negotiation. We do not believe that the provision is intended to preclude effective negotiation or to establish a "one price" policy. Since some of the administering agencies so interpret the section, we recommend that the legislative history make it clear that a hard and fast "one price" policy is not intended.

Section 802 provides that when real property is acquired, the fair market value for such property should be paid therefor unless it is the intention of the seller to convey the property for less than fair market value. We concur with this provision.

Section 803 of the bill provides that when Federal agencies acquire an interest in land, they should acquire a similar or greater interest in improvements thereon, including those owned by tenants.

Section 803(c) provides that in determining the extent of real property to be acquired and the evaluation thereof, we should pay for tenants' improvements even though the tenant may be required to remove the improvements by a contract with the owner of the land. The Department of Justice and some of the major landowning agencies point out that the present language might cause the Federal Government to pay both the property owner and the tenant for improvements.

To assure that the interest of the United States will be protected and the objective of the provision accomplished, we recommend that section 803(c) be amended as follows: Add the following provision at the end of the section: "*Provided*, (1) That payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer, and release to the United States all his right, title, and interest in and to such improvements; *Provided further*, That no provisions of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law."

Section 804 provides that an acquiring agency shall reimburse the seller for all reasonable expenses incidental to the transfer of title to the Government. We favor this provision.

Section 805(b) details those land acquisition policies that State agencies will be required to follow after January 1, 1970, to obtain approval of grants, agreements, or contracts for Federal financial assistance where acquisition of land or of any public improvement is part of the cost. We recommend that this provision be amended to defer the effective date of the requirement for 3 years

after enactment to allow State and local governments sufficient time to make necessary changes in their laws.

Section 805(b)(3) provides for the acquisition of tenants' improvements in federally assisted programs. The purpose of this section is identical to the purpose of section 803(c) which is applicable to Federal programs. We have already recommended certain revisions to section 803(c). We believe that the two sections should be identical.

Section 806 provides that effective January 1, 1970, certain specified sections of the Housing and Urban Development Act of 1965 are repealed. We have already recommended that the effective date for the requirements of Federal aid specified in section 805(b) be changed to 3 years after enactment. We would make the same recommendation concerning repeal of the specified sections of the Housing and Urban Development Act of 1965.

Consolidation of grant-in-aid programs

Provisions dealing with consolidation of grant-in-aid programs appear in H.R. 5523, H.R. 5524, H.R. 5525, and H.R. 5770. These titles would authorize the President to follow a procedure based on the Reorganization Act of 1949 to consolidate grant-in-aid programs. Thus, it attempts to deal with one of the most significant problems affecting intergovernmental relations—the multiplicity of narrow categorical grants.

Under these provisions, the President would be authorized to prepare plans to consolidate individual grant-in-aid programs within the same functional area when he finds consolidation to be desirable or necessary. Each plan could provide for a single consolidation and would have to place responsibility in a single agency and specify the grant formulas for the consolidated program. Such plans, like reorganization plans, would be transmitted to the Congress by the President. Congressional action would be governed by a procedure similar to that under the reorganization statute, except that the Congress would have 90 days to reject grant consolidation plans rather than the 60 days provided for disapproval of a reorganization plan.

If narrowly interpreted, such provisions add very little to the authority which the President already has under the reorganization statute and might conceivably be construed as a limitation on that authority. Under the reorganization statute, the President has the authority to propose plans which may transfer functions involving any number of grant-in-aid programs. For example, Reorganization Plan No. 2 of 1968 transfers authority for a series of urban mass transportation grant programs from the Department of Housing and Urban Development to the Department of Transportation. Under these titles each plan may deal with "only one consolidation of individual grant programs," and that must be within the same functional area.

The only specific addition to the President's existing authority appears to be in language which states that each grant consolidation plan "shall specify in detail the formula or formulas for the making of grants under the consolidated program * * *". If that language is intended to authorize the President to include changes in matching and apportionment formulas in a grant consolidation plan, it goes beyond the authority contained in the reorganization statute. However, that authority by itself may not be useful since program consolidation would generally also require changes in eligibility, planning, and other requirements as well.

In addition, we believe the committee should carefully consider the use of the type of procedure set forth in these titles to deal with matters which go beyond questions of the internal organization of existing executive branch functions with which the President may deal under the reorganization statute. Grant consolidations, in most cases, would have to involve changes in existing functions and substantive law which are of major concern outside the executive branch.

While we have reservations about the approach recommended for grant consolidation, we share your concern about the current multiplicity of narrow grant programs. We believe some consolidation into broader program grants is desirable and have been working with various agencies to explore the possibility of developing such grants.

If the titles of bills dealing with relocation assistance and uniform land acquisition policy are amended as indicated, the Bureau of the Budget would favor their enactment.

Sincerely,

PHILLIP S. HUGHES,
Deputy Director.

Mr. BLATNIK. I never thought it was possible in any governmental program for any employee to be able to more or less embezzle amounts of money running up to half a million dollars, but it has happened. It happened in a certain program, and I am wondering where else it is happening. I didn't think it was physically possible for a person to embezzle or forge checks for too long, certainly not totaling up to half a million dollars.

Had you heard of anything like that before?

Mr. BRYANT. No, and I don't even know of the incident of which you speak. I didn't know until this moment that it was possible.

Mr. BLATNIK. It is possible, and it was done. And we only announce it now because the Federal and State sentences have both been imposed, and it is very likely we will have a review of that.

We had the same type of experience 10 years ago in the highway program when it started off. There were no indications on the surface of wrongdoing. The director, the State highway commissioner, and the highway engineers, were men of impeccable integrity. Yet, for some reason or other, things were happening right on the spot. I don't know whether it was open collusion or plain inefficiency. Untrained inspectors, for instance, were falsifying reports as to plasticity or content of sand. These reports were recorded meticulously right up the chain of command, reaching the district engineer's office and finally the State highway commissioner's office. The figures were all transcribed from sheet to sheet—all of them false. The original entries were false. It was something like a nurse recording a false temperature on a chart, and the intern, the doctor, the top supervisor, and the head of the unit looking at it, and all saying, "Well, this patient is coming along fine," but no one has checked the original entry. There are some glaring fraudulent practices occurring and these are subject to Federal indictments and Federal convictions.

Mr. BROWN. We can understand how they could spend it. We just don't understand how they could steal it.

Mr. BLATNIK. I didn't honestly think it was possible to lay their hands on that kind of money, but it is possible.

Governor, we thank you very much. We will certainly work directly with Mr. Colman and his staff and keep in touch with you.

Mr. Hughes, we are, of course, depending on you very strongly and will rely heavily on you for more assistance and guidance.

Our next witness is Hon. Donald F. Simpson, Assistant Secretary for Administration of the Department of Health, Education, and Welfare.

STATEMENT OF HON. DONALD F. SIMPSON, ASSISTANT SECRETARY FOR ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY DR. RALPH K. HUITT, ASSISTANT SECRETARY FOR LEGISLATION

Mr. SIMPSON. Mr. Chairman, I welcome the opportunity to testify for the Department of Health, Education, and Welfare on H.R. 16718, the Intergovernmental Cooperation Act of 1968.

This Department agrees in principle with the objectives of the bill to achieve optimum cooperation and coordination of activities among

the various levels of government. The President has strongly emphasized the necessity for increased collaboration among Federal and State Governments and communities, particularly in areawide planning. We believe that the bill would be a step toward strengthening and improving the effectiveness of Federal-State-local programs. However, we believe the bill would better serve this objective if certain provisions were modified or omitted.

President Johnson has provided the leadership in developing a new Federal, State, and local partnership, which he has described as creative federalism. Through this relationship, power and initiative must be shared among the three levels of government in new and flexible ways. It is essential that this cooperation—a mutually respecting partnership of Federal and non-Federal agencies and institutions—be strengthened and made more effective by enhancing the power and vitality of each member.

The number and the magnitude of Federal grant-in-aid programs has grown in response to the increasing array of problems faced by State and local governments which are also of national concern. The realization of the great social advances envisioned by the legislation enacted by the Congress in recent years is particularly dependent upon effective administration at State and local levels. The Federal Government, however, must effect a number of significant changes in its grants-in-aid administration if there is to be a substantial improvement at State and local levels.

The "Handbook for Local Officials," published in November 1967 by the Office of the Vice President, shows that as of January 10, 1966, there were in effect 399 separate authorizations for Federal grants-in-aid to State and local governments. Additional authorizations have been enacted subsequently. The fiscal year 1968 budget shows a total of \$17.2 billion for grants-in-aid to State and local governments.

The number and complexity of these programs requires that we create a healthier, more vital partnership between the Federal and State and local governments. This will necessitate improved coordination of grant-in-aid programs at the Federal level; better communication among officials responsible for administering grant supported programs at State, local, and Federal levels; better coordination of interrelated economic, social, and physical development programs at the local level; community and regional planning that overcomes the problems presented by fragmented local political jurisdictions; and new systems of intergovernmental cooperation. Perhaps most importantly the processes of State and local governmental administration must be strengthened. This will require better planning, financing, and technical assistance procedures in connection with Federal grants-in-aid.

I would like to confine my remarks today to the provisions of H.R. 16718 that are of the greatest interest to the Department of Health, Education, and Welfare.

TITLE II.—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

We believe that it would be desirable for the heads of Federal agencies to have the authority to waive the single State agency require-

ment with its related safeguards as proposed in section 204 of the bill. However, we expect that waivers would be given sparingly.

The most important consequence of the present requirement for a single State agency is the existence of a single, clearly identifiable unit within the structure of State government which is accountable to the Federal agency for every aspect of the administration of the program at the State and local levels. Such a focal point is very important. The Federal agency, in order to discharge its responsibility, must know with whom, at the State level, it shall deal, and who can be held accountable, not merely in a purely fiscal but also in a substantive sense, for carrying out the federally assisted program. Therefore, even in cases where the single State agency requirement is waived, we would expect that there would be a single point of accountability within the State government.

The fact that an agency is designated by a State as the single agency to which this Department will look for conformity with the conditions of a grant does not exclude use by it of other State agencies. In fact, we encourage utilization by the designated agency of the resources and services of other State agencies and we have required cooperative planning and working relationships in a number of programs—for example, in the planning of facilities for mental retardation programs.

Nevertheless, we recognize that, in recent years, new domestic problems have arisen, for which not only new programs, but also fresh approaches and techniques in the administration of both new and established programs, are needed.

A significant trend among the States has been the creation of combined State departments for health and welfare functions. Ten jurisdictions now have such departments. The creation of these combined health and welfare departments indicates a recognition of the inter-relationship between the problems of poverty and ill-health, and a realization of the need for better coordinated administration and services in these fields at the State level.

The letter of credit system used by our Department for its grant-in-aid programs, including grants to State and local governments, is consonant with section 203 of the bill. At the same time, we recognize the incentive to better cash flow management by the prohibition against the earning of interest on Federal funds. Consequently, we believe it would be undesirable to adopt a provision which relieves States of accountability for interest earned on grant-in-aid funds.

TITLE III.—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

Inasmuch as title III does not appear to supersede existing authority to provide technical and special services to State and local governments, whether on a reimbursable or nonreimbursable basis, we do not object to its enactment.

We have ample authority to provide such services in our existing grant-in-aid legislation. Section 302 of this title also provides that only such services may be provided as are consistent with the policy of relying on the private sector to furnish those services reasonably available through ordinary business channels. There are long standing

executive branch policies and procedures designed to avoid needless competition with private business. However, in some instances, even though services may be available through ordinary business channels, they are nevertheless appropriately provided by a Federal department or agency. For example, while there are firms which specialize in how to apply for Federal grants, we believe it is within the province of the Federal agencies to give similar advice to potential applicants for grants-in-aid.

TITLE IV.—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF GRANTS FOR URBAN DEVELOPMENT

The need for improved interdepartmental coordination is a particularly important concern for the Department of Health, Education, and Welfare with its many Federal assistance programs. These programs often must be related to activities of other Federal departments for efficient administration. Nowhere is this more significant than in the administration of grants-in-aid which contribute to urban development.

To this end, we have, over the years, forged some effective relationships through interdepartmental committees or task forces and through person-to-person liaison. A recent example was the establishment of the Joint Administrative Task Force by the President, with representatives from the Departments of Housing and Urban Development; Health, Education, and Welfare; Labor; and, the Office of Economic Opportunity. The task force was directed to find ways to speed the processing of State and local applications for Federal grants-in-aid, with its primary focus on four types of multipurpose projects—model cities, neighborhood service programs, manpower programs, and water and sewer programs. The task force accomplished its primary objective by reducing the processing time in some 42 programs by 50 percent.

The Joint Administrative Task Force developed a common application form for local governments to use when applying for grants-in-aid from several Federal departments and agencies for support of neighborhood service programs. This form, adopted by the Departments of Health, Education, and Welfare; Labor; Housing and Urban Development; and the Office of Economic Opportunity, has simplified the application process for local communities and, in turn, the reviews made at the Federal level.

The Joint Administrative Task Force also recommended and saw adopted an organizational structure to facilitate interagency coordination in the review and approval of model cities applications and in the provision of technical assistance to cities preparing model cities demonstration programs. The four agencies established (1) a Washington interagency review committee for joint action on model cities planning grant applications as well as subsequent program grants; (2) joint regional review committees; and (3) joint technical assistance teams and local city working groups.

Within HEW itself, we have also made specific organizational changes to improve our ability to work effectively with other departments on urban problems:

Early in 1967, we established the Center for Community Planning for the purpose of providing an urban focus in the Department and developing a responsiveness among HEW's programs to the special needs of the city.

The center coordinates all departmental technical assistance and grants-in-aid which support the model cities, neighborhood services program, parent child centers, youth opportunity campaign and other urban programs. It has built a "liaison network" in 75 major cities utilizing local social security district office managers and other departmental personnel. Through the operations of this network requests for information and assistance on urban problems are routed rapidly to that point—the State, the region or the appropriate agency in Washington—where the most effective technical assistance can be given.

The center is currently working with the Council of State Governments and the Department of Housing and Urban Development to develop policy for the Federal departments and agencies in working with the States in the model cities and other urban programs, and to advise the States of the role they should be playing in this effort.

While the joint efforts we have undertaken with HUD and other agencies concerned with urban development have made a substantial contribution, it is clear that title IV provides us with important new tools to achieve a more efficient administration of grants for urban development. We therefore support the purpose of title IV to advance the development of consistent Federal policies and procedures for carrying out a firm, constructive, urban development policy.

In summary, we favor the adoption of H.R. 16718 with the modifications I have described. If there are any questions, Mr. Chairman, that you or other members of the committee would like to ask, I will be glad to try to answer them.

Mr. BLATNIK. Thank you very much, Mr. Simpson.

The subcommittee has received a statement from Congressman Al Ullman, of Oregon, on his bill, H.R. 5527, and companion legislation; and a statement from Congressman Clarence D. Long, of Maryland, on his bill, H.R. 8194. Without objection, these statements will appear at this point in the record.

(The statements referred to follow :)

PREPARED STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF OREGON

THE PROPOSED INTERGOVERNMENTAL COOPERATION ACT (H.R. 5527) AND COMPANION
LEGISLATION

Mr. Chairman and members of the subcommittee, I want to thank you for calling these hearings. I am pleased to have this opportunity to appear before this subcommittee to testify in support of my bill, H.R. 5527, the proposed Intergovernmental Cooperation Act of 1968, and companion legislation (H.R. 16718, H.R. 5522, H.R. 5523, H.R. 5524, H.R. 5525, H.R. 5526, and H.R. 5770).

As you know, Mr. Chairman, Congress in 1959 established the Advisory Commission on Intergovernmental Relations as a means of focusing continuing attention on intergovernmental problems. Since January 30, 1967, I have had the pleasure of representing the House of Representatives on the Commission, along with Mr. Fountain and Mrs. Dwyer.

One of the major purposes of the Commission is to "provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation" and to develop solutions to

these problems. Accordingly, this bill is based upon many of the findings and recommendations made by the Commission over the last 8 years. The nine-title version of this legislation was specifically endorsed by the Commission at its April 14, 1967, meeting.

The expanding Federal role in the provision of services traditionally furnished by State and local jurisdictions has been reflected in a proliferation of Federal grant-in-aid programs.

Grant expenditures have risen from \$8 billion in 1963 to an estimated \$20.3 billion for the next fiscal year.

A total of \$98.3 billion has been distributed through this device to States and localities, and presently Federal grants provide State and local governments with approximately \$1 out of every \$6 they spend.

From 1963 through the end of the last session of Congress about 240 new grant programs were enacted, bringing the total to over 400 separate categorical authorizations.

The burgeoning number of Federal grants-in-aid has generated serious administrative and fiscal problems at all levels of government. Overlapping and fragmentation of effort, information gaps, processing delays, and inflexibility of many separate funds and requirements have placed tight shackles upon the capacity of both administrators and elected officials to effectively execute, coordinate, and evaluate grant programs.

My bill, H.R. 5527, contains significant and much needed reforms in eight fundamental areas.

The bill seeks to coordinate procedures affecting the distribution of Federal grants to the States and to facilitate the participation of the States as effective partners in the federal system. This goal is implemented through encouraging an improved flow of information concerning Federal grants to State Governors and legislatures, by eliminating requirements for separate bank accounts, by discouraging advancement of Federal funds for longer periods than are necessary, and by permitting greater flexibility in administrative reorganization at the State level.

The act authorizes Federal departments and agencies to provide specialized and technical services to States and localities on a reimbursable basis. This will not conflict with the role of private enterprise in the provision of these services.

The bill establishes a coordinated intergovernmental policy for the administration of urban development grants, which includes incorporation of systematic planning required under separate Federal urban programs into comprehensive local and areawide development planning, and preference accorded to general governmental units, rather than special districts, in the disbursement of Federal urban development funds. It also authorizes the President to establish governmentwide guides in the formulation, evaluation, and review of Federal urban development programs and projects.

The legislation provides a uniform policy and procedure for congressional review of future Federal grants and loans to State and local governments.

The bill seeks to attack the excessive number of Federal grant-in-aid programs by authorizing the President to submit to Congress grant consolidation plans for broad functional areas, including the revision of apportionment formulas and such organizational requirements necessitated by consolidation. Congress would accept or reject such plans in a manner similar to that provided in the Reorganization Act of 1949.

The bill establishes uniform policies and procedures with respect to the acquisition, use, and disposition of urban land by the General Services Administration, and seeks to insure the consistency of such land transactions with the zoning and land use practices of affected local governments.

The measure provides for a uniform policy for the fair and equitable treatment of persons displaced by the acquisition of real property under Federal and federally assisted programs, which includes authorization for uniform relocation payments, advisory relocation assistance, assurance of the availability of standard housing, and Federal reimbursement of relocation payments. These provisions seek to raise the levels of relocation payments and assistance to those of the urban renewal program.

Finally, the act establishes a uniform land acquisition policy for Federal and federally assisted urban development programs.

Mr. Chairman, I believe that this bill would remove many of the serious obstacles which presently impede the effective operation of the grant-in-aid system, and thereby would substantially contribute to the revitalization of American federalism. For this reason, I urge early enactment of this measure.

Thank you, Mr. Chairman, for this opportunity to appear before the subcommittee to present my views concerning the proposed legislation.

PREPARED STATEMENT OF THE HON. CLARENCE D. LONG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. Chairman and members of this subcommittee, I am pleased to submit this statement on behalf of my bill, H.R. 8194. This legislation would strengthen Federal grant programs by:

1. Tightening and coordinating grant administration;
2. Redirecting grant programs to meet new challenges; and
3. Ending grants when they have accomplished their purposes.

The bill would accomplish this in two ways.

First, it would provide for periodic congressional review.

Programs authorized for three or more years would be subject to automatic review by the appropriate congressional authorizing committees at least a year before this expiration to determine: (a) the extent to which the program's purposes have been met; (b) the extent to which the program can be carried on without further Federal aid; and (c) the need for changes in purpose, direction or administration.

Second, it would authorize the consolidation by the President of certain Federal grants-in-aid.

If the President determined that consolidation of individual grant programs in the same functional area was necessary or desirable, he would be authorized to prepare and transmit to Congress a grant consolidation plan, which would become effective at the end of 90 calendar days of continuous session of Congress, unless either House passed a resolution of opposition. This procedure is similar to the one that governs executive reorganization plans.

Proliferation of both Federal grant programs, and of the National, State and local problems they are designed to relieve, has made such procedural reforms urgent.

The Federal grant-in-aid program has become an established response of the Federal Government to appeals by states and localities for help in coping with citizen demands. From \$894 million that the Federal Government dispensed in 1946, the network of grants-in-aid has expanded to over \$18 billion in fiscal year 1968.

Historically, nearly all Federal grants-in-aid have been made for single-purpose projects. To upgrade urban housing, for example, a city can apply for a grant to demolish unsound structures, a grant to rehabilitate dilapidated ones, a grant to build low-rent housing for low-income families, and a grant to buy and develop open space urban land for public use. Elementary school educators can apply for one grant to meet the needs of culturally deprived children, another to compensate for the impact of defense installations on local school budgets, a third to acquire textbooks and library materials, and a fourth to finance guidance counseling and testing.

Examples multiply. The Advisory Commission on Intergovernmental Relations reports approximately 400 separate statutory authorizations for grant programs. During 1963-66 alone, Congress enacted more than 200 grant programs. Grants are administered by 21 departments and agencies and 150 Federal bureaus and divisions.

The single-purpose approach has advantages. It zeroes in on a problem. Federal performance standards keep quality high.

But as programs have multiplied, the dissatisfaction of recipients and Congressmen grew. State and local officials complain that their advice is too infrequently sought before the programs are started, and that afterwards administration becomes heavyhanded and rigid, rather than stimulative and flexible. Congressmen charge waste, ineffectiveness, tokenism, and escalation of cost.

What abuses have elicited this general outcry against the Federal cornucopia?

First, attacks on problems are frustrated by Federal fragmentation. Local officials planning an integrated program must fill out as many forms and gain approval from as many agencies as there are purposes in the program. Allocation formulas for the component grant-in-aid programs may vary widely.

If Federal aid for one of the component parts is not currently available, the prudent administrator would wait until it is forthcoming, rather than commit local resources to finish the job without Federal help.

Second, State and local budgets are distorted because the presence of a grant program—rather than need for the project—frequently determines spending. If Federal funds are not available to provide parking facilities in downtown areas, cities with critical parking problems may spend their funds for less urgent airport development, for example, because the Federal Government will put up 50 percent of the cost.

Furthermore, each Federal funding source tends to generate its own local constituency, thus encouraging further compartmentalization and distortion. Administrative and overhead costs skyrocket.

Third, the duplication, overlap and sheer volume of Federal grant programs creates conflict at the Federal level and confusion in the localities.

At least five different Government agencies will help a community build sewer facilities. The Harford County Public Works Department in my district has sought water and sewer aid through the Department of the Interior, the Department of Agriculture, and the Department of Housing and Urban Development, none of which uses the same grant procedures.

Federally supported manpower programs today carry an annual price tag of over \$2 billion—an eightfold increase since 1961—dispersed from dozens of different spigots. Funds for job recruiting, for example, can be sought from nine different sources, adult basic education from 10, prevocational and skill training from 10, and work experience from five. On-the-job training can be subsidized by five programs. Income maintenance is available to participants under nine programs.

One result of this multiple choice arrangement: competition among various combinations of Federal, State and local agencies for clientele.

Another consequence of confusion: a new game, "grantsmanship," and a new profession, the grantsman—wise in the ways of the Federal labyrinth and skilled in the composition of forms that will find favor in the bureaucratic eye. A corollary: the less sophisticated—and often the most needy—fail to get their full share of available Federal support.

Procedures do exist for legislative and executive consolidation and review of Federal grant programs, but they need strengthening to overcome two formidable obstacles to the termination or redirection of grant programs:

First, a grant brings into being vested interests in its continuation, both governmental and private—staffs with a sense of mission, local budgeters who want to keep the money coming in, private suppliers of services and materials.

Second, efforts to redirect grant programs toward more urgent problems historically result in added expenditures, not a substitution of one program for another.

The vocational education program is a classic example. Until 1963, almost half of its funds were spent on agricultural and home economics training—occupations that have failed to retain a commanding priority in the scientific age. Courses for practical nurses, secretaries and technicians of all kinds were added on—not substituted for—the old specialties.

But the spiralling needs, tight budgets, and breakneck pace of change no longer permit the luxury of leisurely governmental adjustments to the world outside. The fast-paced experimentation with, and piecemeal construction of, the vital manpower program, for example, cry out for analysis, consolidation, and rationalization. The structure of the Federal Government must be adapted to encourage a rational, rapid and comprehensive response to demands by officials at every level of Government.

The legislation which I have introduced would be a vital stimulant to this process. In addition, it would give State and local officials a regular forum from which to present their views on grant programs and their administration, and would help Congress develop more uniform criteria to judge grant performance. I urge its early adoption.

Mr. BLATNIK. This concludes the hearing for today. We will continue the hearings tomorrow morning at which time our first witness will be the Honorable Robert Weaver, Secretary of Housing and Urban Development.

(Whereupon, at 12:20 p.m., the subcommittee was recessed, to reconvene at 10 a.m., Thursday, June 13, 1968.)

INTERGOVERNMENTAL COOPERATION

THURSDAY, JUNE 13, 1968

HOUSE OF REPRESENTATIVES,
EXECUTIVE AND LEGISLATIVE
REORGANIZATION SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 2154, Rayburn Office Building, Hon. John A. Blatnik (chairman of the subcommittee) presiding.

Present: Representatives John A. Blatnik, John N. Erlenborn, Clarence J. Brown, Jr., and Jack Edwards.

Also present: Elmer W. Henderson, subcommittee counsel; James A. Lanigan, general counsel, Committee on Government Operations; and William H. Copenhagen, minority professional staff.

Mr. BLATNIK. The Subcommittee on Executive and Legislative Reorganization will please come to order. We continue public hearings on H.R. 16718 and several similar or related bills pertaining to the subject of intergovernmental cooperation.

Mr. Edwards, do you have a statement?

Mr. EDWARDS. Mr. Chairman, the Senator from Pennsylvania, Senator Hugh Scott has a statement that he has asked be placed in the record at this point concerning this particular bill, and I ask that it now be included in the record.

Mr. BLATNIK. Without objection it is so ordered.

(The prepared statement of Senator Scott follows:)

PREPARED STATEMENT OF HON. HUGH SCOTT, U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, I appreciate this opportunity to file a statement in support of H.R. 8969, the proposed Comprehensive Planning and Coordination Act, introduced on April 20, 1967 by the distinguished gentleman from Hawaii, Mr. Matsunaga. That measure is identical to S. 799, which I introduced in the Senate on February 2, 1967.

As a member of the Pennsylvania State Planning Board, I have been well posted on an important aspect of planning, that is, State planning, and I am impressed with its value as a management tool at the disposal of the Chief Executive. As a Senator, I have become impressed with the increasing complexity of intergovernmental relations in our Federal system. I have also become increasingly convinced of the need for bringing order out of the growing chaos resulting from the rapid proliferation of Federal grants-in-aid and for strengthening the ability of the States and local governments to manage the myriad of development activities for which they are responsible.

In proposing my bill, I seek to strengthen the process of planning. I seek to make planning an integral part of the political decisionmaking process.

I seek to recognize the essential role of the elected public official and to give the Governors of our States a better chance to govern effectively.

I seek to develop an exchange of information based upon need and capacity and to strengthen the ability of local people to deal with local situations.

We need to recognize the essential partnership role of the Federal Government in assisting the financing of social, economic, and physical resource development programs. But at the same time, we need to utilize that Federal role in a way that would strengthen our Federal system rather than weaken it.

We must improve the excellence of planning in all functional fields, be they health, water resources, recreation, or vocational rehabilitation, in any or all of these or other fields, by making this type of very important functional planning a part of a truly comprehensive planning process.

Finally, I seek to regularize and to make more consistent the Federal Government's participation in the financing of planning programs at all levels of government.

With these considerations in mind, I turn to the rationale of my bill. Following that, I shall relate my amendment to the urban planning assistance program, better known as the "701 Program" which was created by section 701 of the Housing Act of 1954 and is administered by the Department of Housing and Urban Development (HUD).

Planning is an essential management tool that is well known and highly regarded in business and industry. Only in recent years, however, has government come to recognize its value and utility.

Albert Waterson has defined planning as "an organized, intelligent attempt to select the best available alternatives to achieve specific goals." It is a continuing process that comprises the selection and articulation of goals, the identification of opportunities to advance toward those goals, and the removal of obstacles blocking the path toward them, as well as the laying out of alternative courses of action which can lead to the attainment of those goals.

Goal-setting is a vital element of the planning process. In our democratic political system, it involves not only government administrators, but legislators and the citizenry as well.

Dr. Charles Kimball, president of the Midwest Research Institute in Kansas City, has described the value of the goal-setting phase of community planning:

"Setting community goals sounds a call for unity among all thoughtful, creative and interested persons willing to focus honestly on both the assets and liabilities of their city.

"There is much to be said for this kind of undertaking. A carefully conceived plan and an honest effort to implement that plan will enable a community to do at least two things better. First, the community will begin to anticipate changes in the total environment. This means it will be better able to take advantage of new opportunities or to better meet competitive threats, instead of reacting in a totally defensive manner, often the case without such planning. There will be some measure of control over total environment, rather than control by outside forces.

"Secondly, a community with goals will be able to experiment with ideas before risking resources in any great amount. It will be able to simulate courses of action and test the likely consequences, without involving large amounts of either scarce time or dollar capital."

The Comprehensive Planning and Coordination Act proposed by S. 799 and H.R. 8969 is designed to encourage the development of an integrated system of planning at all levels of government. My bill is concerned with comprehensive planning, a type of planning which provides a broad framework for decisions affecting the development of the human, economic, and physical resources of a locality, a metropolitan area, a region, or a State.

Section 701 of the Housing Act of 1954, especially as amended in 1959, was intended to support comprehensive planning. As implemented, however, the 701 program has veered from its original purpose to the extent that narrower functional planning (for example, health, water resources, or recreation) competes with comprehensive planning for the assistance authorized by section 701. This deflected focus of the program is the consequences of frequent and patchwork revision of section 701 since 1959.

The Comprehensive Planning and Coordination Act of 1967 seeks to redirect the 701 program to its original purpose.

There are several fundamental points of differences between my proposal and the present 701 program:

First, my proposal is oriented almost exclusively to comprehensive development planning. As defined in my bill, comprehensive development planning

cuts across the whole spectrum of public activity at the several levels of Government—physical, economic, and social. It is process-oriented in that, while it may result in the production of plans, its basic purpose is to provide a framework of goals, policies, and standards within which planning for various functions such as land and facilities, medical, welfare, and educational services, and so forth, can be directed and coordinated. My proposal does not provide support for functional planning.

The 701 program, on the other hand, is substantially narrower in that it is primarily concerned with planning for physical development. (I note, however, that the proposed Housing and Urban Development Act of 1968 recently approved by the Senate and now pending in the House of Representatives, proposes to broaden the focus of the 701 program.) It is, as administered, primarily product-oriented in that while it is interested in promoting the process of planning, grants are based on the production of specific plans for physical development, ranging from broad land use plans to more specific functional plans such as for transportation, water and sewer systems, and airport locations. In this sense, as supporting functional planning, it is broader than my proposal.

Let me point out here that my bill, while repealing certain parts of section 701 of the Housing Act of 1954, would retain those provisions authorizing assistance for functional planning.

Second, my bill conceives of comprehensive development planning as an executive function. It provides Governors and regional planning instrumentalities of elected officials with staff capabilities for effective direction and coordination of regional development activities. The grants authorized by my bill are, in effect, the "glue money" for which governors and the locally elected officials have been calling.

Similarly, my bill places responsibility for the administration of comprehensive development planning assistance in the Executive Office of the President rather than in a line department or agency, since it is a program to assist the effective coordination, at the State and regional levels of government, of all Federal programs of assistance to those levels of government. (It may be argued that grant programs should not be administered from the Executive Office. However, both the Office of Economic Opportunity and the Office of Emergency Planning provide ample precedent, and the assistance provided by my proposal is an undergirding for the whole range of functional grant programs administered by the line agencies. It is Government-wide in its effect.) Moreover, my bill encourages the development of planning, programming, and budgeting systems (PPBS) at those levels of government to parallel the Federal PPBS which is coordinated in the Executive Office of the President.

While the 701 program can be utilized as an instrument to promote planning as an executive function, that is not its focus, and, as I have already indicated, its scope is narrower than that of my proposal.

Third, the grant allocation formula in my bill provides a necessary continuity to comprehensive development planning by providing an assured annual basis of support to States and regions. This tends to support the idea of making comprehensive planning a process rather than a stop-start, project-oriented activity. The 701 program, on the other hand, is administered essentially as a first-come, first-served, project-by-project program.

Finally, my bill covers rural as well as urban areas. The 701 program, while it provides assistance to small communities, is basically urban-oriented, as its name, "The Urban Planning Assistance Program," suggests. (This orientation would be broadened, of course, by the amendments to 701 proposed in the Housing and Urban Development Act of 1968.)

In sum, my bill aims at providing Governors and local elected officials with a tool for State, interstate, regional, and local developmental decisionmaking. It is concerned with comprehensive planning as a process for coordinating and integrating more specific functional and agency program planning and for meshing local plans into regional and statewide programs. While more precise in its focus on comprehensive planning alone than is the 701 program, it is broader in scope in that it covers economic and human resource planning as well as physical resource planning, and it covers rural as well as urban areas.

Mr. Chairman, Congress has enacted within a few short years a wide and imposing array of new programs to improve our environment and our well-being. Now, Congress must see to it that these programs work effectively. Proper management is the need, and planning the key management tool.

Recognizing that planning, as I have defined it, has only recently taken hold in Government, I feel that we must now concentrate on its development as an integrated system at all levels of government. This is what the Comprehensive Planning and Coordination Act of 1967 seeks to accomplish.

Having no pride of authorship, I am not wedded to the language of my bill in its entirety. But I believe that the thrust of my proposal is sound and that its basic concepts merit serious consideration. In this connection, I note with pleasure that several public interest groups, the Chamber of Commerce of the United States and the U.S. Advisory Commission on Intergovernmental Relations have endorsed these concepts.

Comprehensive planning should encompass the full spectrum of the development concerns of National, State, and local governments. It should be a continuing process and an executive function. It should be the responsibility of the elected officials, the decisionmakers. Finally, those responsible for planning at the State and local levels should be assured of a minimum regular base of Federal financial support so that they can develop meaningful plans on a continuing basis.

These are some of my concerns. Together they provide a proper framework for comprehensive planning. I earnestly hope that this subcommittee in its wisdom can report out legislation that will strengthen the planning process as an essential step toward making the myriad of Federal programs, most of which relate to urban and community development, work.

Mr. BLATNIK. I am very pleased to have with us this morning our very effective colleague, Mr. Machen, Representative from Maryland, and the Honorable Robert C. Weaver, an old friend of ours, and the distinguished Secretary of Housing and Urban Development.

Mr. Machen, will you start with your presentation? I want the record to show the considerable interest the Congressman has had over a period of years in this legislation. He has also authored a much more comprehensive bill, H.R. 5526. We heard some comments on that yesterday, and we shall continue to give it very thorough consideration. We will be very pleased to hear from you now, Mr. Congressman.

Mr. MACHEN. Thank you very much, Mr. Chairman, and members of the subcommittee. It is a pleasure to be here and I know that you all are pressed for time. I have a prepared statement that I would like to ask permission that it be inserted in the record in full, and I will just touch on some of the highlights. I will see that additional copies are furnished for members of the subcommittee.

Mr. BLATNIK. The statement will appear in the record in its entirety.

STATEMENT OF HON. HERVEY G. MACHEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. MACHEN. I have had a deep interest in the matters covered by this bill for a number of years and I introduced a bill very similar to H.R. 5526 in the 89th Congress. H.R. 5526 has nine titles which should be enacted to improve the efficiency of our Federal system. Because I know you will be hearing testimony on a wide range of bills in this area, I shall restrict my comments to titles V and VI of my bill, because I believe they are of the utmost importance. These titles provide the authority for the periodic review of Federal grants-in-aid to State and local governments by the legislative and executive branches.

Enactment of these titles will save the taxpayers money, improve the efficiency of Government operations and take a broad step toward

eliminating some of the unnecessary bureaucratic redtape which has developed as a result of the proliferation of grant-in-aid programs.

The grant-in-aid is the Federal Government's principal tool for carrying on partnership programs with State and local governments. Measured in many ways, its importance is continually increasing in the number of grants, in the variety and scope of programs covered, in the dollar amounts involved, in the proportion of total Federal expenditures for domestic purposes, and in the proportion of total revenue made available to State and local governments.

However, the grant-in-aid system is facing a crisis in manageability. As the emphasis has increased on using this approach to solve problems of national importance, serious problems have developed which threaten its usefulness: Overlapping and duplication of programs and projects, variations in apportionment formulas and matching ratios, lack of effective coordination, and an informational gap regarding what grants are available and how to make the best use of them.

We in the Congress have always had the responsibility for reviewing grants-in-aid and seeing to it that the money provided is used efficiently where it is needed and where it will do the most good. For a variety of reasons, I believe we have not performed this oversight function nearly as effectively as we might have. Since 1902, the dollar amount of Federal money which has been poured into the grant-in-aid approach has increased from \$7,083,000 to \$17,216,300,000. During this time, very few programs have been terminated and in those which have shown a decrease in expenditures, reductions have been more apparent than real. Something must be done to correct this trend and maintain the utility and manageability of the grant-in-aid approach.

Title V of H.R. 5526 would establish a uniform policy and procedure whereby any grant-in-aid program enacted by the 91st Congress or thereafter would be carefully reviewed by the Congress to insure that the effectiveness of the grant-in-aid as an instrument of Federal, State, and local cooperation is improved and enhanced, that grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their enactment, and that grant programs are terminated when they have substantially achieved their purpose.

As I indicated, I believe we in the Congress have not been as vigilant as we might have been in performing our oversight function as regards a review of these programs. I believe that passage of this legislation will provide the needed authorization for this situation to be remedied in the future. While not directly stipulated in my bill, I also believe that if this legislation is passed, the appropriate committees of the House and Senate will move to implement this legislation in a similar manner when they consider other grant-in-aid legislation enacted prior to the 91st Congress.

Title VI of H.R. 5526 provides that the President, from time to time, be required, by law, to examine the various grant-in-aid programs to determine what consolidations are necessary and desirable and then report to the Congress on how such consolidations will be achieved.

This title will provide a means whereby the Congress can be aided in its efforts to see to it that the Nation's needs and resources are brought into balance. Title VI provides that the President will have

to transmit any consolidation plan to the Congress and we will have 90 days to accept or reject it. Titles V and VI of my bill should work together to meet and overcome the crisis of manageability which is now facing the grant-in-aid mechanism.

Before concluding this brief statement and requesting that the remainder of my testimony be included in the record, I would like to comment on one matter which is slightly extraneous to titles V and VI but one which I am deeply interested in.

I have been in contact with county officials in Prince Georges County, Md., which is one of the two counties in my district, and with the appropriate Federal agencies, concerning the fact that local governments are not given enough voice in determining how much low-income housing is needed in their jurisdictions, the size of the projects to be built, and their placement for maximum benefit and minimum adverse effects. When I say minimum adverse effects, I am thinking in terms of planning, not restriction of building, but the overall. We have one of the fastest growing counties in the United States, and planning is rather difficult to keep abreast of. I want to reiterate that it is not to control by having good planning where it has better, more effective use over a period of years.

I believe this will be taken care of by title IV, section 401(b) of H.R. 5526, which states that, "All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning urban development programs and projects." Section 401(c) states further that, "To the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State and local government comprehensive planning for urban development." Thus, I believe that active participation by local officials such as those in Prince Georges County in determining how much low-income housing is needed will be assured by passage of H.R. 5526.

Mr. Chairman, again, I appreciate very much your scheduling hearings on this very important legislation, and I again thank you all for permitting me to have the opportunity to present my views on this very important subject that is so vital to all of us.

Mr. BLATNIK. Thank you very much for your very helpful statement. It is certainly a very well prepared statement. Your thoughtfulness in limiting your oral testimony to the two key sections, V and VI, which are important, is appreciated. We have covered earlier other aspects of the legislation. Just for your own information and for the record, I would like to say—I reserve the right to final judgment—that I am very impressed with the case for review of Federal grants-in-aid, which proliferation has gone on, as you have indicated. As you probably know, an ineffective oversight function on the part of the Congress—and with all due respect to our hardworking, overworked colleagues in the Appropriations Subcommittee, who do not have the time or the staff to do these reviews that should be done—has run into billions of dollars, and it's high time that we provide some machinery and authority to inhibit this process of review and evaluation.

Title VI, authorizing the President to undertake from time to time an examination of various grants-in-aid programs and submit a con-

solidation plan to the Congress, has a great deal of merit. This thought has been raised in questioning by members of the committee to see if a more flexible arrangement could be made for a consolidated approach and could be done efficiently for larger types of municipalities. On the other hand, a smaller municipality is even in more direct conflict with the agency. However, let's get back to urban renewal developments and specific problems, Mr. Secretary. I don't mean to ask for comment now, but later on we will hear from you.

There are small towns of population of 7,000 or 8,000 in northern Minnesota that have to go through the same complicated procedures of engineering and architectural work and cost estimates and the same things that are required for a large, multimillion dollar urban renewal project in Detroit or Lansing, Mich.; Minneapolis or St. Paul, Minn. They have to file all these forms. They could have a much simpler form, comparable to the short Federal income tax form and the longer one, which would be more complicated, but by that general idea you see what I am trying to say. We need to work out some flexibility with the smaller municipalities in rural and semirural communities that are quite near to the urban sprawl. We'd rather keep them there than pile them up, one on top of each other, in high-rise apartments. We may have to work out some type of flexibility of this sort.

Mr. MACHEN. You have hit one of the sore spots right on the head, Mr. Chairman. No reflection on any individual Government agency, particularly that of the distinguished Secretary here, but I think where there is a comprehensive plan that's been approved on a regional basis of any county or area, that certainly that should be prima facie evidence and acceptance that that's the plan. Once that's reviewed, then the individual communities or sections that are interested in urban renewal or housing of any nature, can use that as their basic guideline in processing their application.

Again, like you point out, for an illustration that occurred with one of our municipalities where the application was submitted. Based on what they said, it ran all the way up to Philadelphia, and by the time it got to Philadelphia, they had changed the section chief who said, "This is all wrong, start over again." And there's been more of it.

I am not here to pinpoint any of these. In the rest of my statement I have pinpointed and have not emphasized that in the backup material of the overlapping programs where you have various governmental agencies dealing in this same field. I know that there are so many of these programs they have to put an index out to an index as to the availability of Federal programs. I think it's time that someone within the Congress looked thoroughly into this to see how we can eliminate the overlapping and have better utilization, not to cut out, but to have better utilization of our tax dollar on what was initially contemplated as a cooperative program of Federal, State, and local government in the area where the local governments cannot carry the entire burden themselves. Again, I acknowledge your knowledgeability in this matter and, again, I'd like to thank you very much for the opportunity to present my views here this morning.

Mr. BLATNIK. Thank you, Congressman.

Mr. EDWARDS. Mr. Chairman.

Mr. BLATNIK. Mr. Edwards.

Mr. EDWARDS. I want to thank the gentleman for coming before the subcommittee today. I think his statement is very good. I wonder if the gentleman has studied H.R. 5523, which was introduced by Mrs. Dwyer some time ago, that seems to cover many of the points that the gentleman referred to in titles V and VI.

Mr. MACHEN. Yes, I have. I think there's a note out that there are some six or seven bills that substantially are identical, all attempting to accomplish the same purposes, and I think for purposes of continuity one of the bills is being considered as the bill to be heard.

Mr. EDWARDS. Well, my point is that the bill that's before us today does not go as far in the subject of consolidation of grant-in-aid programs, and this sort of thing, as the Dwyer bill or perhaps others similar to it might go. The gentleman seems to support a stronger position, perhaps, than is in the bill we are presently considering.

Mr. MACHEN. Are you talking about whether or not the bill—I mean, after all, with the committee hearings on the various bills, perhaps it might very well be that the subcommittee will come up with a clean bill embodying these stronger points or the points they can. Now, are you particularly speaking of, perhaps, the bill that will be approved or recommended, which would include this review of all programs, not just the beginning of the 91st Congress?

Mr. EDWARDS. I think this is entirely possible. I would hope that we could put together the best parts of numerous bills if we can find the language that will serve the purpose. I think the gentleman has been very helpful in his statement in this regard.

Mr. MACHEN. I'm in accord, but I think, as I stated, the bill I submitted began with the 91st Congress in order to avoid some of the roadblocks. You will note in my statement I said as a result of perhaps enactment of this, the Congress would then look further into the matter and review other programs. At times we have to realize legislation is the art of accomplishment, and perhaps part of the loaf at this time would be better than no loaf.

Mr. EDWARDS. I can't argue with the gentleman on that point. Thank you very much.

Mr. BLATNIK. Thank you very much, Congressman.

Mr. MACHEN. Thank you all again very much. I'm sorry I do not have the number of copies for you right now, but I do have the original for you, Mr. Chairman.

Mr. BLATNIK. Thank you.

(The prepared statement of Congressman Machen follows:)

PREPARED STATEMENT OF HON. HERVEY G. MACHEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MARYLAND, ON H.R. 5526

Mr. Chairman and members of the subcommittee, I am pleased to appear before you today to testify on my bill, H.R. 5526, the Intergovernment Cooperation Act. I have had a deep interest in the matters covered by this bill for a number of years and I introduced a bill very similar to H.R. 5526 in the 89th Congress. H.R. 5526 has nine titles which should be enacted to improve the efficiency of our federal system. Because I know you will be hearing testimony on a wide range of bills in this area, I shall restrict my comments to titles V and VI of my bill because I believe they are of the utmost importance. These titles provide the authority for the periodic review of Federal grants-in-aid to States and local governments by the legislative and executive branches.

Enactment of these titles will save the taxpayers money, improve the efficiency of Government operations and take a broad step toward eliminating some of the

unnecessary bureaucratic redtape which has developed as a result of the proliferation of grant-in-aid programs.

The grant-in-aid is the Federal Government's principal tool for carrying on partnership programs with State and local governments. Measured in many ways, its importance is continually increasing in the number of grants, in the variety and scope of programs covered, in the dollar amounts involved, in the proportion of total Federal expenditures for domestic purposes and in the proportion of total revenue made available to State and local governments.

However, the grant-in-aid system is facing a crisis in manageability. As the emphasis has increased on using this approach to solve problems of national importance, serious problems have developed which threaten its usefulness: Overlapping and duplication of programs and projects, variations in apportionment formulas and matching ratios, lack of effective coordination, and an informational gap regarding what grants are available and how to make the best use of them.

We in the Congress have always had the responsibility for reviewing grants-in-aid and seeing to it that the money provided is used efficiently where it is needed and where it will do the most good. For a variety of reasons, I believe we have not performed this oversight function nearly as effectively as we might have. Since 1902, the dollar amount of Federal money which has been poured into the grant-in-aid approach has increased from \$7,083,000 to \$17,216,300,000. During this time very few programs have been terminated and in those which have shown a decrease in expenditures, reductions have been more apparent than real. Something must be done to correct this trend and maintain the utility and manageability of the grant-in-aid approach.

Title V of H.R. 5526 would establish a uniform policy and procedure whereby any grant-in-aid program enacted in the 91st Congress or thereafter would be carefully reviewed by the Congress to insure that the effectiveness of the grant-in-aid as an instrument of Federal, State, and local cooperation is improved and enhanced, that grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their enactment, and that grant programs are terminated when they have substantially achieved their purpose.

As I indicated, I believe we in the Congress have not been as vigilant as we might have been in performing our oversight function as regards a review of these programs. I believe that passage of this legislation will provide the needed authorization for this situation to be remedied in the future. While not directly stipulated in my bill, I also believe that if this legislation is passed, the appropriate committees of the House and Senate will move to implement this legislation in a similar manner when they consider other grant-in-aid legislation enacted prior to the 91st Congress.

Title VI of H.R. 5526 provides that the President, from time to time, be required, by law, to examine the various grant-in-aid programs to determine what consolidations are necessary and desirable and then report to the Congress on how such consolidations will be achieved.

This title will provide a means whereby the Congress can be aided in its efforts to see to it that the Nation's needs and resources are brought into balance. Title VI provides that the President will have to transmit any consolidation plan to the Congress and we will have 90 days to accept or reject it. Titles V and VI of my bill should work together to meet and overcome the crisis of manageability which is now facing the grant-in-aid mechanism.

Before concluding this brief statement and requesting that the remainder of my testimony be included in the record, I would like to comment on one matter which is slightly extraneous to titles V and VI but one which I am deeply interested in.

I have been in contact with county officials in Prince George's County, Md., which is one of the two counties in my district, and with the appropriate Federal agencies, concerning the fact that local governments are not given enough voice in determining how much low-income housing is needed in their jurisdictions, the size of the projects to be built, and their placement for maximum benefit and minimum adverse effects. I believe this will be taken care of by title IV, section 401(b) of H.R. 5526 which states that, "All viewpoints—national, regional, State and local—shall, to the extent possible, be fully considered and taken into account in planning urban development programs and projects". Section 401(c) states further that, "to the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State and local government

comprehensive planning for urban development." Thus, I believe that active participation by local officials such as those in Prince George's County in determining how much low-income housing is needed will be assured by passage of H.R. 5526.

From 1955 to 1968, there were 112 new Federal grant-in-aid programs enacted, an average of eight a year. Outlays for these programs in their first years of operation collectively amounted to \$3.6 billion. For the 1968 fiscal year, their annual costs as estimated in the budget will reach \$16.5 billion. By the end of the 1968 fiscal year, the cumulative costs of these 112 programs will reach \$84.8 billion.

The influence of new programs on the budget has been tremendous. All non-defense outlays included in the budget rose from \$23.7 billion in 1955 to \$49.3 billion in 1966, an increase of \$25.6 billion (108 percent). Spending for the 84 new programs initiated during that period totaled \$13.4 billion in fiscal year 1966. The new programs thus accounted for 27 percent of the total nondefense expenditures in the fiscal year 1966 and for over 52 percent of the increase in non-defense spending over the 11-year span.

An average of more than 12 new programs have been approved by Congress each year beginning in 1962, in contrast to the four annually approved in the years 1956 through 1961. Sixty-two programs identified in the entire 13-year span have come in the 4-year period beginning in 1965.

Historical comparisons of first-year program costs reveal a similar tendency for the scope of new undertakings to be broader in later years as they mature. From 1962 to 1968 the average first-year cost for all new programs enacted was about \$430 million annually compared with first-year costs of less than \$100 million annually for those approved in the preceding 6 years.

The first-year costs of the programs initiated in 1966 and 1967 were almost five times the size of those recorded in any previous year in the period. The 24 programs initiated in fiscal 1966 cost over \$1 billion in the first year. Similarly, the first-year cost of the 12 new activities established in fiscal year 1967—the major one being supplemental health insurance for the aged—also amounted to more than \$1 billion.

The rapid expansion in the number of grants has had several clear effects on their value as partnership programs. From the point of view of grant recipients—State and local governments—the sheer number, variety, and complexity of the grants make it all but impossible for eligible recipients to be fully aware of what aids are available, which Federal agencies administer them, and how they suit particular needs. A major complaint of State and local governments concerns this information gap. One consequence has been that a number of States have established Washington offices with the principal function of knowing about grant programs and conducting an active followthrough program with Federal agencies to find grants and expedite grant applications.

Cities and counties have established Federal aid coordinators. Following the lead of a number of States and cities, the first county office (Los Angeles) was established in Washington in 1967.

"Grantsmanship" has become a popular new game in Washington, played most effectively by State and local governments where the stakes are very high.

The multiplication of grants often has been dramatized by the large number of different catalogs of available grants compiled by Federal agencies, National and State associations of public officials and private firms. None of these is truly comprehensive. Perhaps the crowning demonstration of this point is that the Advisory Commission on Intergovernmental Relations, an organization which, as you all know, has been very concerned about this problem for some time, in 1966 compiled a "catalog of catalogs" in an attempt to present a bibliography of information sources. This catalog and its first supplement are 18 pages long.

Another aspect of proliferation is the overlapping and duplication of grant programs in such fields as water and sewer, recreation, economic development, work training, and poverty. The classic case is that of grants for water and sewer projects. No fewer than four such programs are available from four separate agencies: The Department of Housing and Urban Development, the Department of Agriculture's FHA, the Department of the Interior (Water Pollution Control Administration), and the Department of Commerce (Economic Development Administration). The Office of Education of HEW recently listed six different laws authorizing grants to libraries. In 1966, Congress authorized HUD to make grants for historic preservation (acquisition of land and structures, and restoration) and for surveys of historic structures. Congress

also authorized the Department of the Interior to make grants for the preservation of historic properties and for surveys and plans of such properties.

Excessive categorization and overlapping of grants create administrative problems at all levels and retard the development of a coordinated attack on community problems.

As a result of these problems, State and local governments often become bewildered by the differences between apparently similar programs or uncertain that they are using the most appropriate program. On the other hand, they simply may exploit opportunities to play off one Federal agency against another.

In a 1961 report recommending the periodic reassessment by Congress of Federal grant-in-aid programs, the Advisory Commission on Intergovernmental Relations observed that allegations that Federal-grant programs once started never end, were "almost but not quite correct." The ACIR report indicated that since the early 1950's only two such programs had been terminated.

Of all grant-in-aid programs which I have looked at, only one—the accelerated public works program initiated in fiscal 1963—has been terminated. However, any "savings" which might have been achieved through the termination of that program have been more than offset by the institution of new programs providing increased aids for the same type of public works which were financed under the former accelerated public works program. In those two or three other cases where the annual expenditures under individual programs are shown to have decreased recently, closer examination reveals that these decreases are more apparent than real.

Certainly, the instances which I have cited here point up the need for the approaches outlined in titles V and VI of my bill.

In making the final determination as to whether the approaches put forth in H.R. 5526 are necessary, it must be recognized that the Congress and the executive branch have been exerting an oversight function on Federal-grant programs. Because of the complexity of these programs, this role has to be expanded along the lines suggested in my bill. The grant-in-aid exists because of a determination by the Congress that there is a national problem in a particular area which requires a coordinated effort by all levels of government to solve it. Once the problem is solved this grant is no longer needed and I believe titles V and VI of my bill will provide the procedure which is needed to take care of such eventualities and thus insure that the Nation's most serious needs are met with its resources and that when these needs change, the allocation of resources must also change.

I deeply appreciate the opportunity to testify today on these matters and I hope the subcommittee will act favorably on this legislation.

Mr. BLATNIK. Our next scheduled witness is Congressman Richard D. McCarthy from New York. Mr. McCarthy is unable to appear before us this morning; however, the subcommittee has received a statement from him which will be inserted in the record at this point.
(The statement referred to follows:)

STATEMENT OF HON. RICHARD D. MCCARTHY, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

THE PROPOSED INTERGOVERNMENTAL COOPERATION ACT OF 1968 (H.R. 5770,
H.R. 16718, AND RELATED BILLS)

Mr. Chairman and members of the subcommittee, let me first express my appreciation for this opportunity to testify before your subcommittee in support of the proposed Intergovernmental Cooperation Act legislation which I have sponsored in the form of H.R. 5770.

You have before you several bills relating to intergovernmental cooperation, and I understand that these hearings are directed primarily to the five-title Intergovernmental Cooperation Act (H.R. 16718) introduced by the distinguished chairman of this subcommittee and cosponsored by the gentleman from Illinois, Mr. Erlenborn. Five titles of my bill, H.R. 5770, are essentially identical to H.R. 16718, but H.R. 5770 also contains four additional titles which I think should receive serious consideration by this subcommittee when taking action on H.R. 16718. I would like, therefore, to go through my bill, briefly indicating where it differs from the major bill under consideration.

Title I of H.R. 5770 consists of definitions. The first 11 definitions conform generally to those in H.R. 16718. The remaining 10 are necessary for interpretation of title VIII which provides for uniform relocation assistance.

Title II seeks to improve administration of grants-in-aid to the States by helping to unify and coordinate standards and procedures governing financial, organizational, and other activities of State executives and other State officials—including legislators—insofar as these activities are affected by Federal grant programs.

It helps make grant information available to Governors or State legislatures on request, allows States to account for grant funds without using separate bank accounts, and permits Federal agencies to waive the "single State agency" requirement when they believe the purposes of the grant program will not be undermined. This title is identical to title II of your bill, Mr. Chairman, except for the last sentence in section 202, which is found in section 506(b) of my bill.

Title III of H.R. 5770 permits Federal departments and agencies to provide special or technical services to State and local units of government on a reimbursable basis. The title protects the Government's policy of relying on private enterprise for those services that are reasonably and expeditiously available through ordinary business channels. This title is identical to the same title in H.R. 16718, and I believe strikes a balance between the need of the States and localities for more specialized technical services and the legitimate interests of private enterprise.

Title IV seeks to create a coordinated intergovernmental policy for the planning and administration of grants for urban development. The Advisory Commission on Intergovernmental Relations, in a 1964 report, "Impact of Federal Urban Development Programs on Local Government Organization and Planning," found that 13 separate departments and agencies administered some 43 separate Federal urban development grant and loan programs. The Department of Housing and Urban Development estimates that since 1964 this figure has tripled to over 120 separate programs. This title establishes procedures that will assist the various levels of government operating directly or indirectly in urban areas to work together to solve common problems. Section 401 of my bill differs from H.R. 16718 in that it requires rather than just authorizes the President to establish Government-wide rules and regulations for the formulation, evaluation, and review of Federal urban development programs and projects.

Title V of H.R. 5770 establishes a uniform policy and procedure whereby Federal grant programs will be subjected to a systematic congressional review to assure that such grant programs are continuing to serve purposes intended by Congress. The Joint Committee on Congressional Reorganization in its findings last year clearly pointed up the need for this title. I urge this subcommittee to look at it as a complementary piece of legislation to section 105 of the proposed Congressional Reorganization Act (S. 355 and H.R. 2595). I think it would be a valuable addition to the Intergovernmental Cooperation Act of 1968.

Title VI of H.R. 5770 authorizes the President to submit to Congress plans for combining separate, but related, categorical grants where he finds a need for such consolidation exists. This authority would be subject to the kind of congressional veto that now applies to executive reorganization plans, except that either House would have 90 instead of 60 days in which to exercise its veto. This title seeks to overcome the proliferation of Federal grant authorizations that well exceeds 400. I do not think there is anyone who works with grant programs closely who would deny the need for consolidation of grants such as was accomplished by the Partnership in Health Act of 1966. The overlapping and duplication among functional programs causes administrators and elected officials great difficulty in not only ascertaining what aid is available to them but frequently makes it impossible to effectively execute, coordinate, and evaluate grant-in-aid programs. I believe this title provides the most realistic way for taking grant consolidation out of the oratory stage into the action stage, and I urge this subcommittee to carefully review this title for inclusion in the Intergovernmental Cooperation Act.

Title VII of my bill is identical to title V of H.R. 16718, and prescribes a uniform policy and procedures for the acquisition, use, and disposition of urban land by the General Services Administration. The basic goal is to assure that GSA land transactions will be consistent—to the greatest extent practicable—with the zoning and planning objectives of local governments involved and with the planning requirements of various Federal grant programs. The sale or disposition of public lands can have just as significant an impact on local

schools, water and sewerage services, highways and streets, and other local government functions as grant programs. This title would give local governments an opportunity to zone the use of such land in accordance with local comprehensive planning objectives.

Title VIII establishes a uniform policy for the fair and equitable treatment of persons and businesses forced to relocate by Federal or federally assisted development programs. Such a policy must be uniform as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

In 1965, the Advisory Commission on Intergovernmental Relations issued a report on "Relocation: Unequal Treatment of People and Businesses Displaced by Governments." The Commission found that governmental responsibility for helping displacees to relocate stems from two sources: (1) government's exercise of eminent domain in acquiring real property; and (2) its concern for the economic and social welfare of its citizens. Under eminent domain, a property owner cannot refuse to sell his property to the government even if he feels the price offered is insufficient to compensate for all costs of reestablishing himself. If he were to sell his property on the private market he could hold out for a price that would assure him not only the value of his real property but also compensate him for the cost of relocating.

It is high time that the government's concern for the economic and social opportunities of its citizens include the social and economic effects of forcible displacement. This is especially true at this juncture when highway construction and urban renewal and rehabilitation are having a vast impact on the lives of many citizens.

Mr. Chairman, lower income groups are especially hard hit by having to relocate because of urban renewal or highway construction. We read regularly in the newspapers of a highway that is scheduled to go through a section of a city displacing hundreds of low-income persons or of a renewal project that will uproot families. When this happens, tenants are especially vulnerable; owners are at least compensated for their property that is taken. Most commonly, of course, these tenants are from the lower income groups.

Highway programs especially cause serious inequities because the level of relocation assistance and payments under the federally aided highway program is substantially below that of the programs administered by the Department of Housing and Urban Development. This was emphatically underscored in a 1967 special study by the Department of Transportation when 80 percent of the urban officials consulted throughout the country stated that the most pressing problem in highway programs was the disparity of moving cost payments allowed under urban renewal policy, Federal-aid highway policy, and State legislative policies.

Title VIII is designed to correct these inequities and deficiencies in relocation assistance and payments. These days when we are so concerned about fair treatment for the low-income residents of our central cities, the least we can do is see that these people get fair treatment from Federal programs that force them to move against their will.

I am aware that the basic provisions of this title have been introduced as separate legislation, Mr. Chairman, but the clear intergovernmental implications of relocation policies warrant inclusion of this legislation as part of the "Intergovernmental Cooperation Act."

Title IX of H.R. 5770 establishes a uniform policy on land acquisition practices for Federal and federally assisted development programs. This title complements the previous title on relocation.

The Federal Government's standards of compensation and its procedures used in land acquisition have received growing criticism in recent years. Lack of uniformity has produced inconsistency among areas covered and inequity for those not covered. This title would help assure that Federal policies and procedures for acquisition of real property are fair and consistent; are directed at giving the property owner the full measure of compensation authorized by law promptly, with a minimum of inconvenience, and without forcing him to prolong negotiations or to costly negotiations.

Several studies on land acquisition and relocation problems have reached these conclusions, including a 3-year intensive study by the House Select Subcommittee on Real Property Acquisition. The subcommittee's 1964 report, "Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in

Federal and Federally Assisted Programs," emphasized the need for the provisions 4 years ago. The need has increased rather than diminished in the past 4 years.

To conclude, Mr. Chairman, the proposed legislation is not expected to eliminate all of the stresses and suspicions that impede cooperative and effective interlevel relations, but it does come to grips with many of the "here and now" difficulties that seriously complicate effective Federal-State-local relations. Furthermore, it is my opinion that the "Intergovernmental Cooperation Act" would be materially strengthened by inclusion of the four additional titles that are included in H.R. 5770.

Thank you for the privilege of testifying on this important legislation.

Mr. BLATNIK. We are very pleased to have with us a member of the Cabinet who is an old friend of ours. We welcome him with great respect and highest regards with respect to his competence and expertise in an extremely complicated department of Government. It hinges in so many ways, upon so many people, across this country. Mr. Weaver, we welcome you this morning with your staff and your associates. For the record, will you identify your staff by name and title and function?

Mr. WEAVER. This is Mr. Beckman, who is Director of the Office of Intergovernmental Relations and Planning Assistance.

Mr. BLATNIK. Sounds very impressive.

Mr. WEAVER. Assistant Secretary Ink, who is Assistant Secretary for Administration, and this is Mr. Ashley Foard, who is a deputy counsel, and Mr. John Francis who is our budget officer, who I think has appeared before this Committee already.

Mr. BLATNIK. Yes, he has testified for us. Mr. Secretary, will you please proceed with your statement.

STATEMENT OF HON. ROBERT C. WEAVER, SECRETARY OF HOUSING AND URBAN DEVELOPMENT; ACCOMPANIED BY NORMAN BECKMAN, DIRECTOR, OFFICE OF INTERGOVERNMENTAL RELATIONS AND PLANNING ASSISTANCE; DWIGHT A. INK, ASSISTANT SECRETARY FOR ADMINISTRATION; AND ASHLEY A. FOARD, DEPUTY GENERAL COUNSEL

Mr. WEAVER. Mr. Chairman and members of the committee, I am pleased to appear before you today to present the Department's views on the proposed Intergovernmental Cooperation Act of 1968, H.R. 16718. We welcome the continuing exploration of the problems of federalism and the role of Government in dealing with the problems of an urban society.

It is appropriate that the legislative proposals contained in H.R. 16718 deal not with Washington alone, but also with the State, regional and local levels of government. A complex and decentralized system of government, an exploding urbanization process, rising expectations, and advances in technology mean that there can be no ultimate or unchanging solutions to how government conducts its business.

We endorse the general objectives proposed in this act:

More uniform administration of Federal grants to State governments; extending reimbursable technical assistance services to both State and local governments; supporting rather than bypassing the local general purpose governments of the country, where

ultimately all public and private services must be coordinated and delivered; and more uniform and expeditious Federal practice with respect to the acquisition, use, and disposition of urban land, including consistency, to the extent possible, with local planning goals.

It should be emphasized that none of these objectives designed to support strong and capable governments is meaningful unless it has the effect of bringing public resources to bear in making our urban places worthy of the people who live in them. Neat and orderly administration is a mockery unless it assists the people of urban America in providing decent housing, averting the spread of slums and blight, focusing resources on needs that are most pressing, and providing opportunity for people to choose among types of environments that fit their needs and desires.

It is indicative of the great strength of our democratic system that most of our public debate centers not on the objectives of this bill but rather on the most effective means of achieving them. In this context I would like to comment on the titles of the proposed legislation and briefly identify some actions currently underway in our Department, in cooperation with other Federal agencies and State and local governments, that complement or that are consistent with the bill's basic objectives.

II.—ADMINISTRATION OF GRANTS-IN-AID TO STATES

We favor title II which has the objective of making full information available to the Governor and of furthering the uniform administration of Federal grant funds to the States. In this connection, the Department last year initiated a service to each of the Governors under which we provide his designated representative with quarterly reports on HUD-supported projects within the State.

HUD has several programs which are administered through the States. Two of these are relatively new, the urban information and technical assistance program authorized under title IX of the Demonstration Cities and Metropolitan Development Act of 1966 and the community development training program authorized under title VIII of the Housing Act of 1964. In both of these, maximum discretion has been given to the Governor for designation of appropriate State agencies to carry out the programs. In addition, several elements of the section 701 planning assistance program involve grants to the States. There too, particularly in connection with the program of assistance to State planning, we have taken advantage of the administrative leeway permitted under the law in order to assure the involvement and support of the Governors.

III.—FEDERAL TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS

We also favor the provisions of title III which authorize Federal agencies to provide specialized and technical services to State and local governments on a reimbursable basis. It is premature to identify the specific HUD services that will be called for by the States and localities if the title is enacted. They might, for example, utilize aid in connection with certain of our specialized housing market analysis activi-

ties or ask us to provide specialized training services as the Department's training capability becomes further developed.

IV.—INTERGOVERNMENTAL COORDINATION

The Department is in full accord with the objectives of title IV to achieve a more coordinated intergovernmental policy in the administration of Federal urban development programs.

The Department's model cities program has a special pertinence to the objectives of title IV since the very essence of the program is an attempt to bring about the most effective and economical coordination of Federal, State, and local governmental efforts and private efforts to improve model neighborhoods. The program is an experiment in bringing together old programs and new so that they may be focused on the physical and social needs of the area. It involves a multiple funding approach which uses separate established programs; but it also provides supplementary funds to bridge the gaps between existing programs and to permit new and experimental approaches.

In the model cities program, the mayor and his model city agency staff are charged with developing comprehensive coordinated neighborhood programs and with obtaining widespread participation of neighborhood residents in program planning and execution. For this to happen, Federal programs cannot bypass the city government, and there must be assurance that independent local agencies will not work separately, or at cross purposes with each other. For the model city program to succeed, local activities, though funded from separate sources, must be responsive to an overall strategy for solving the neighborhood's basic problems.

In meeting the challenge presented by the need for comprehensive and coordinated model city activities, local officials have raised hard questions as to the ability and willingness of the Federal Government to respond in a correspondingly coordinated manner. Doubt has been expressed as to the commitment of the Federal Government to change its old and established ways of doing business. They ask whether the Federal Government will provide adequate funds in a timely manner; will provide adequate technical assistance; and whether Federal procedural requirements will be streamlined both in planning and execution stages.

We recognize the problems and share the concerns expressed by local officials. They are very real. We are now actively engaged with other Federal departments and agencies in making the changes which are necessary to provide a coordinated Federal response.

I would also like to take this opportunity to describe briefly several efforts that the Department currently has underway in support of more coordinated policy and administration of grants for urban development.

The Council of State Governments is currently working on a major HUD research project aimed at strengthening the role of State governments in the administration of federally assisted grant-in-aid programs. The purpose of the project is to provide better links between comprehensive planning and the functional State plans required by many Federal grant programs. Over 80 Federal grant programs cur-

rently require the States to prepare a plan as a condition of receipt of aid. The study should lead to more consistent Federal planning requirements and strengthen the role of the Governor in the administration of State programs.

The Department has recently established an interagency committee to examine federally supported State technical assistance programs for helping localities in all aspects of community development. This committee is composed of representatives from OEO, EDA, HEW, Agriculture, Transportation, and Labor. It is assessing the impact of federally supported technical assistance programs on State administrative structure and ways of coordinating the funding, coverage, and administration of these Federal aids. The study will identify specific instances in which improved coordination might enhance the effectiveness of federally supported State-local technical services, propose improvements in interagency review of proposed activities, and help reduce duplication of grant coverage and approval.

Another recent effort by the Department to improve HUD relations with States and localities was the further decentralization of departmental operations and a reduction in time for processing grant applications. This was done in line with the recommendations of the Joint Administrative Task Force established by the President and chaired by our Assistant Secretary for Administration.

In addition, in order to better assist States and localities, we hope to establish a staff in each HUD regional office to coordinate and unify HUD program relationships at the State and local level. They will assist regional administrators in serving as their liaison among States and localities on matters involving more than one program or requiring departmental level participation and coordination. This should contribute to a more coordinated policy and a better mix of programs for improved urban development.

V. FEDERAL LAND ACQUISITION AND DISPOSITION

The provisions of title V are designed to assure that the Federal Government, in its real property acquisition and disposition procedures, takes account of local land use controls and planning objectives. We are, of course, in basic agreement with this objective.

It is, however, worth noting that from an urban development standpoint, the significance of this title is necessarily dependent upon the quality of the local land use controls and planning. And in connection with disposition activities particularly, the most notable area for intergovernmental cooperation may extend well beyond the minimum standards of this title. It may involve not only conformity of land disposition to current local regulations, but also the establishment of the locality of new regulations and objectives that will enable Federal surplus land to be used in new and imaginative ways.

As you may know, the President last year announced a national demonstration program centered upon creation of complete communities or neighborhoods on Federal surplus land in urban areas. This program has now progressed through its preliminary phases, and responsibility for its continuing development is centered in the Department of Housing and Urban Development. Several sites in various areas

have been identified, with three, in the District of Columbia, Atlanta, and San Antonio already announced. The one in Atlanta is already being constructed. Planning efforts are well underway for future development of areas that will not only enlarge housing choices but include a full range of uses—shopping, education, recreation, and other community facilities and public services for citizens of various income levels.

This program of Federal excess land for critical urban needs depends on securing maximum involvement of private enterprise and also requires cooperation among a number of Federal agencies. A creative and imaginative response on the part of local governments is a third essential. Their response should measure up to the unique opportunity for rapid, high quality, and relatively low cost development which the availability of surplus land may represent. For communities where land is scarce in relation to urgent urban needs, such opportunities are most important.

While the demonstration program has so far centered upon relatively large sites, the basic approach and concepts involved can also be applied to smaller tracts. These may be particularly useful, for example, for relocation of low- and moderate-income housing. But, again, the local governments should be prepared to seize the opportunity and, if necessary, to adjust their own plans and objectives accordingly.

Thus, while I accept in broad principle the provisions of title V, I would urge that the resulting legislation or the pertinent committee report specifically state that these provisions are in no way supportive of unduly restrictive land use controls.

In addition to H.R. 16718, there are a number of related bills before the subcommittee which include additional proposals for congressional review of grants-in-aid, consolidation of grant-in-aid programs, and for establishing uniform policies for relocation assistance and land acquisition. I understand that the Bureau of the Budget has provided the subcommittee with the views of the administration on these proposals. Relocation assistance and land acquisition are of special concern to our Department, and I would be pleased to answer questions on these related matters if that is the desire of the subcommittee.

In conclusion, Mr. Chairman, I want to state that the Department of Housing and Urban Development believes that the objectives of H.R. 16718, the Intergovernmental Cooperation Act of 1968, are most meritorious. Enactment of this legislation will make a positive contribution in the effort to coordinate Federal assistance with State and local programs and goals.

Mr. BLATNIK. Thank you very much, Mr. Secretary. I have only one or two brief questions. On page 4 of your testimony, the second paragraph from the bottom, you start with "In meeting the challenge presented by the need for comprehensive and coordinated model city activities, local officials have raised hard questions as to the ability and willingness of the Federal Government to respond in a correspondingly coordinated manner."

This has been quite a problem in practically all the programs, has it not, that involve a substantial degree of comprehensive planning of housing and other programs beyond model cities?

Mr. WEAVER. Yes; I think it takes on, however, special pertinency in connection with the model cities, because the legislation which pro-

vides for the model cities also envisions, and the legislative history clearly indicates, that there has to be that coordination. There has to be that cooperation and there has to be some commitment of funds in accordance with the promise of the model cities program. There is, in general, exhortation toward coordination and cooperation, but here there is a specific legislative requirement, and I think this is going to be the acid test.

I might say that we are moving, I think, rather satisfactorily here and that I really believe we are going to be able to come out with a successful program. It has not been easy.

Mr. BLATNIK. And the last paragraph on that same subject, "We recognize the problems and share the concerns expressed by local officials. They are very real. We are now actively engaged with other Federal departments and agencies in making the changes which are necessary to provide a coordinated Federal response." Would you elaborate, Mr. Secretary, on just how extensive or intensive the effort is in order to bring about such coordination within the limitation of existing law?

Mr. WEAVER. Let me say that I think we have to start from the philosophical principle which I believe is inherent in the model cities programs and legislation. That is, that if in a democracy, in a country that is as heterogeneous as ours, if you are going to have effective coordination, the coordination has to start at the local level and you have to get the localities to come in with some type of coordinated program pulling upon and utilizing the existing Federal programs insofar as possible and then the model cities program, of course, provides supplemental grants to fill in the gaps.

So the first job that had to be done was to get this type of coordination at the local level and this involved not only a coordination of programs, but the most important and most difficult thing locally was the coordination of administration. We have had mayors come in and say, "For the first time, I have talked to the county welfare man and we sat down and worked out something." In some instances, the school board and the mayor were working in tandem, which they had not been doing before, because it was required by the model cities program. After that, we recognized that one of the big problems was going to be to assure that there were enough funds in the other programs, other than in our own programs—of course, those we thought we could control and we have been controlling—to give the basic grants on which the supplemental funds are calculated. Here our technique was one of involvement and, from the very start, we began to call in the other departments and agencies, first in the review of the proposals. They were involved in the selection of the cities; they are now being involved in working with the cities on the planning, so that we were able by this technique, I think, to get them to feel that they were a part of it.

Also, in the convenor order the President has issued, I was able to pull in the Secretaries and talk with them to get a mechanism set up which from the very start involved a level of no lower than Assistant Secretary. The same thing occurred in the regions. We had interagency teams in the regions. So that all of this has meant that we will not come to them at the end of the planning process and knock on their door and

say, "Look, we need so much here and so much here." But it will mean that at the time when the allocations are being made they will know what is needed and they will have been a part of the decision and the process that brought it about. So this is why we think that it is going to be successful.

Mr. BLATNIK. At the opening of the statement, you referred to the need for better coordination on the Federal, State, and local levels of governments. Most of your programs require a mechanism or machinery by which your Department, or agencies under your Department, deal directly with municipalities; is that not true?

Mr. WEAVER. Yes, the vast majority of our programs are programs that run from the Federal Government directly to local government.

Mr. BLATNIK. So you have very little to do with the State agencies?

Mr. WEAVER. Well, we have a series of programs that go through the State agencies, such as our planning program, for example, 701 planning, and the States do the planning for the smaller communities. The same thing is true about these newer programs I mentioned, the training programs, the technical assistance programs, which we have just enacted. Those are the principal ones, one of long standing and two of recent origin beginning in 1964.

Mr. BLATNIK. Does this mean that the States have less and less to do with the cities because the problems in the cities are so large and obviously complex?

Mr. WEAVER. I think the way this evolved was that the Federal Government got in this business by default. The cities were just in a position where they had to have aid and they had to have it fast. They were not getting it from the States and they appealed to the Federal Government.

Now, we are getting a very interesting development. Some of our States, particularly our more populous States, are beginning to have a real feeling of responsibility in the affairs of the urban communities, and there we are able to cooperate very effectively.

For example, in the State of New Jersey, when the model cities program was announced, they set up a State agency, they funded it, they worked with the municipalities in the State to develop their proposals, and they are working with them in the planning. We are cooperating with them 100 percent, and it works very, very well. But in order for this cooperation to work, the States have to have more than an intent. The staff has to have some machinery, it has to have some support, and it has to furnish some money so as to provide greater resources than the localities could provide themselves.

Mr. BLATNIK. I refer, in this connection, to the method of cooperation and coordination of the Federal, State, and local levels on sewage disposals. That comes under your Department. I mention this, not because I think it is better or has a higher priority, but it is just one area in the public works region in which I am very familiar. Our big disappointment for a long time was the abdicating on the part of the State governments participating in water pollution programs and the people in the Federal grant program earlier were giving 30 percent. We hope very much that the Federal Government and the State government can become at least 20 percent to help many, many municipalities with their financial burdens, especially

the smaller communities whose bonding capabilities are severely limited and restricted. We had many small communities where water pollution was a real problem, but they just couldn't come up with 70 percent of the financial cost. But they can come up with perhaps 50 percent which gives them a better chance. But we had quite a time getting the States to participate. Only recently we got the States to set up standards and actually impose them by saying, "If you do not set up standards, the Federal Government will set up standards, and we will enforce them." With that type of pressure, the States did begin to respond in this respect. Now they have gone ahead to develop others and to enforce those standards. That means that the municipalities will be required by State direction from now on to give not only more numbers, but more adequate and more efficient and effective facilities. I am a great believer in getting these States more and more involved in these programs.

Mr. WEAVER. I think there are many problems in our area. For example, problems such as zoning, building codes, land use, and planning in which the States are the only units of government. The localities are too small and they are too proliferated to perform this function. The Federal Government cannot do it, because of our constitutional system of government and because of the whole tradition of what the Federal Government can do and cannot do. If the States do not do it, it will not get done.

Mr. BLATNIK. On page 6, Mr. Secretary, I like your statement in the second paragraph in which you state, "In addition, in order better to assist States and localities, we hope to establish a staff in each HUD regional office to coordinate and unify HUD program relationships at the State and local level. They will assist the regional administrators in serving as their liaison among States and localities on matters involving more than one program or requiring departmental level participation and coordination." Could you elaborate on that? This is an area in which we badly need help and an excellent program. It is an area in which the States and localities need more technical assistance because of legal, technical, engineering, procedural, bureaucratic advice as to how to go about filling in the forms. Again, I am thinking of all these smaller communities that do not have sophisticated trained personnel. I have seen a little old gal, a wonderful little old gal, who is a clerk in a little village in a clerk's office who has been typing all the death notices and certificates over the years and all of a sudden she is confronted with this frightening array of stacks of forms to be filled out which require fiscal, legal, and engineering knowledge which she does not have. What resulted was an enormous waste of time. Papers were shuttling back and forth like a ping pong ball between North Minnesota and North Michigan and the regional office in Chicago.

The same thing happened in other regions. You can imagine this on a national scope. Are we talking in the same category? Am I thinking correctly, at least in part, about a type of assistance plus other assistance?

Mr. WEAVER. This is one of its functions, particularly. It is a little different from technical assistance. It is sort of general assistance. It is telling the guy from the small community where to go and then

helping him to interpret the information he gets, which he may not understand because he does not have the technical background. But that is only a part of it. Really, this came about this way. Under the departmental status I have certain responsibilities for coordination in the urban area, and it seemed to me that charity begins at home. If the 60 programs we have were not coordinated, I was going to be in a pretty weak position to ask others to coordinate with me. So this was one of the first things we tried to do and we are now doing it. We have the setup. We do not have enough people to do it, but we have it in process and the idea here is dual. First, that there be one person who reports to the regional administrator who knows pretty much the profile of a given number of cities or the State, whatever his area may be. So when something comes in, he will know what we are already doing there and know if what is proposed is consistent or inconsistent or, if it is not, he will advise the regional administrator on how to make it consistent.

Secondly, when people come in who really want something, but they are not too sure exactly what they want—they do not know how to put it in bureaucratese, they just know they want something—this person is able to give them information to direct them to the right paths and follow up on what happens. Also, he is able or she is able to perform—because we have some very competent women doing this—the type of functions which you suggested for the smaller communities.

Mr. BLATNIK. It would be extremely helpful and timesaving on both sides. Any questions to my right, Mr. Brown?

Mr. BROWN. Yes, sir; I have some questions. I have a problem coordinating the questions, Mr. Secretary.

Mr. Secretary, let me ask you to start with title IV in total. Sections 401(a) and 401(b) seem to go to the heart of this title. Can you give me a brief interpretation of what those two subsections are trying to accomplish?

Mr. WEAVER. I will have to read them for a minute.

Mr. BROWN. Well, perhaps you have somebody there with legal background or counsel from your Department who might give me a clear interpretation of their objective.

Mr. FOARD. Mr. Congressman, I do not know that I could tell you much beyond the wording of the statute—the bill itself. I think it pretty clearly indicates that the President is authorized to exercise his authority to establish rules and regulations for evaluating and reviewing urban development programs and projects, whether our Department or other departments of the Government, for the purpose of seeing that they are administered on a consistent basis.

Mr. BROWN. Well, now, that speaks to their administration; but what about the priorities of objectives of the program which are taken into account? This is the part that worries me. Basically, my question is, Whose judgment of objectives controls under this section?

Mr. BECKMAN. Mr. Congressman, I think one of the basic intentions of this section is to recognize the fact that all levels of government really have to have the opportunity to understand what each level is doing and, to the extent possible, seek common objectives, because Federal, State, and local impacts on urban development have to be coordinated if they are going to make any sense when they are

actually put in place at the local level. It indicates that the full exchange of information, exchange of plans and advice are consistent with that objective. So I think the section is directed toward all levels of government.

Mr. WEAVER. I suppose that would be set forth on page 13 under section 1(d), "Each Federal department and agency administering an urban development assistance program shall, to the maximum extent practical, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs." So that this seems to involve an internal type of consultation.

Mr. BROWN. Yes, sir. I think I have a fairly clear interpretation of what (d) is saying, because it is talking about the coordination within Federal departments, all of which fall under the executive control of the President.

The thing that I am concerned with is the use of such language as that which appears on line 14, page 11. It says:

Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives of urban development, and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict.

Well, you know, one man's reasons and choices are another man's arbitrariness. But who makes the reasoned choice? Who is the ultimate authority in making that selection?

Mr. BECKMAN. Again, sir, I think it is the Federal agency cited under (d) and under (b). It talks about all viewpoints, national, regional, State, and local. I think it simply attempts to call to mind a checklist of national objectives with respect to urban development that all levels should keep in mind in seeking an optimum solution.

Mr. WEAVER. If you look on that same page, line 8:

In pursuit of this basic objective, the President may establish rules and regulations for uniform application and formulation, evaluation, and review of urban development programs and projects for the provision of federally aided urban facilities, and Federal projects having a significant impact on the development of urban and urbanizing communities.

Mr. BROWN. When you say "this basic objective," over on page 13 at the top—

Mr. WEAVER. I think the basic objective is at the top of page 11, "sound and orderly development of urban communities."

Mr. BROWN. That is what we mean by this basic objective?

Mr. WEAVER. That is my interpretation of it.

Mr. BROWN. So, for the sound and orderly development of urban communities, the President will establish the rules and regulations, is that right?

Mr. WEAVER. I beg your pardon?

Mr. BROWN. To accomplish the sound and orderly development of urban communities, the President may establish the rules and regulations?

Mr. WEAVER. Yes, this is my understanding. We did not write this bill.

Mr. BROWN. And regional—and then on top of page 13, if I may, "Regional, State and local government objectives shall be considered and evaluated within a framework of national public objectives . . .".

I presume that those national public objectives are the orderly development of urban communities?

Mr. WEAVER. And the delivering agent of them, yes. I think practically everything that precedes that is that basic purpose and then there is the listing of objectives.

Mr. BROWN. Is that the only objective, the orderly development of urban communities? Or are we talking about more?

Mr. WEAVER. We are talking about the whole list, I would assume, the list beginning at the bottom of page 11 and going through.

Mr. BROWN. This includes item 7, which says:

Any other objective through which urban development activities can contribute to the economic, social, and cultural development of the Nation, its strength in world affairs, and the achievement of enhanced levels of living?

Mr. WEAVER. I would imagine so.

Mr. BROWN. Which is pretty broad; is it not?

Mr. WEAVER. Yes; it is pretty broad, but I think it is so broad that it does not get us in too much difficulty.

Mr. BROWN. It does not get you in too much difficulty, but it might get a community, which had specific objectives of its own in mind, in considerable difficulty, I would suggest, Mr. Secretary, because it seems to me, if we have followed through our sequence of thinking here, that the President is able to set rules and regulations on all of these objectives, including that one that says "any other objective," and so the President—

Mr. WEAVER. Which contributes "to the economic, social, and cultural development of the Nation, its strength in world affairs, and the achievement of enhanced levels of living"—I do not see how anybody could be against that.

Mr. BROWN. I do not see how you could be against it, but I am not sure that you could get any common interpretation of what that means because, again, the President has the right to set this objective for the local community as well as the rules for them.

Mr. WEAVER. No, he does not set the objective for the local community. He sets the objective for the national program. The local community can set its own objectives. It may be consistent or it may be inconsistent. If they are inconsistent, they do not participate in the program, I would assume.

Mr. BLATNIK. Would the gentleman yield?

Mr. BROWN. Yes.

Mr. BLATNIK. This is a question on this subparagraph 7, page 12. The language there is much broader in the Department of HUD than any other department, and since the Bureau of the Budget people are here—Mr. Hughes has returned and will be available—and the Bureau of the Budget was involved in the writing of this language, you will have an opportunity to ask them, too, just what this language means and the purpose of this subparagraph.

Mr. FOARD. Mr. Chairman, I just want to make one comment on the statement of Congressman Brown concerning the scope of section 401. On page 11, I think it is quite significant that lines 17 and 18 contain the words "to the extent authorized by law." And I think it should be recognized that although a large number of objectives are listed in this rather long section, the authority has its limitations and the section relates to programs which have limitations in the statutes.

For instance, in a program such as urban renewal or public housing where the Federal programs and statutes place so much responsibility for determinations in the locality, these would remain. I am sure that this section is not in any way intended to change the Federal law, and I think the wording that I just quoted is indicative of this.

Mr. BROWN. Mr. Foard, in response to that, let me suggest that the language on the top of page 13, combined with the language which talks about reasoned choices and which gives the President authority to establish rules and regulations, does give to the Federal Government, and specifically the President, the right to make those determinations. In addition, we have other legislation before us which provides for the consolidation of existing categorical programs and the revision of the specific legislation in order to consolidate and coordinate and combine them into more easily administered programs. So what we seem to be doing here is yielding to the executive branch of Government the right to set the priorities of all these worthy objectives, the means by which they should be accomplished, and the judgment for whether they are being accomplished at the local level, so that the community qualifies for Federal programs.

Mr. FOARD. I would quite agree that additional authority could be given in that way, but the extent to which additional authority is placed in the President would be a result of the combination of the grant programs. Any changes made at that time would be legislative changes that would have to be considered at the time of the consolidation of those grant programs.

Mr. BROWN. I think not necessarily under the language of another bill that we were considering just a couple of days ago, joint funding—the Joint Funding Simplification Act which seems to be a companion piece—

Mr. FOARD. I would not agree that the joint funding would significantly change the authority in this respect at all, because that is a quite limited bill in terms of the changes in existing statutory requirements; very, very modest changes would be permitted there.

Mr. WEAVER. As I read this, Congressman, to go back on page 11, I think the Bureau of the Budget can give you a better interpretation of this than we can. But if you read that language, it says, "In pursuit of this basic objective, the President may establish rules and regulations for uniform application in formulation, evaluation, and review of urban renewal programs," and all of this within the present framework of the law which sets forth how these programs are carried out. This does not supersede existing law, as I see it. It simply gives a method whereby we would have uniform application of criteria in this effort toward getting better coordination. This is my interpretation.

Mr. BROWN. I think we have to consider the whole section, Mr. Secretary, and it seems to me when you put the old section together, there is conflicting language which in one instance seems to say that while the President and the administering agencies will take into account the local situation and their objectives, when those objectives conflict, reasoned choices must be made. And, obviously, the reasoned choices are going to be made by the executive branch of the Government at the Federal level.

Mr. WEAVER. Does this not happen whenever you legislate on any program? It seems to me when you write a law setting up urban renewal or public housing or what have you, you set up certain national objectives and these objectives are inherent in the requirements that you set forth. You have income limitations, for example, and you have other requirements which are not determined locally and which the city has to satisfy. If it does not like these, it does not get in the program. So this is nothing new that is inherent here, and this is much less restrictive on the localities than what is already in existence and what has been in existence from the beginning, as far as I know.

Mr. BROWN. Mr. Secretary, I will only respond to that in this way, that under what you have just described, the Congress, the representative branch of the Government, establishes those requirements or establishes the law and then gives the President or the executive branch of Government the right to spell out the specific limitations. As I tried to indicate, and I perhaps am thinking unfairly of this since you are testifying on this bill, but we have just in the last couple of days also considered with this bill another piece of legislation, the Joint Funding Simplification Act, which would give the executive branch of Government the right to put grants-in-aid programs together and then combine the regulations along with the funds, and in so doing alter the regulations that have been written for specific categorical programs. And this seems to me to be giving the executive branch of Government a great deal of authority over the priorities, objectives, requirements, and needs of local communities.

The basic question is, How desirable is this? Now, as I am sure you are aware, there are some other approaches which have been proposed that would tend to provide the funds without providing at the same time overriding decisionmaking at the Federal level. It would leave to the local community a little bit more of the prerogative in how they utilized those funds. And this seems to be one of the basic issues.

Mr. WEAVER. It seems to me that issue should also be considered in light of another bill that is pending before this committee, and that is for there to be periodic review of grants-in-aid programs. And I think if you are going to review a program, you have to review what its objectives are. I do not know whether you do not get inconsistencies no matter what road you travel here.

Mr. BROWN. I think this is probably true. Perhaps we have to do all these things. Again, you have suggested that it should be Congress that reviews the objectives of whether or not the program is being accomplished for which Congress appropriated the funds and set up the specific categorical requirements.

Now, if those categorical requirements can be rewritten, and if, under the language of the other legislation, those requirements can be changed to the extent they can change the percentage of local participation required from 5 percent in one categorical program to, say, 15 percent when that categorical program is combined with others, then—

Mr. WEAVER. I would question if that were the type of regulation that was contemplated in this bill, but I would defer to the Bureau of the Budget for interpretation of that. I would question that very seriously.

Mr. BROWN. I should not have gotten so far into this other bill. Let me ask you about a comment that you made on page 2. You are talking about two specific pieces of legislation, and you say in both of these maximum discretion has been given to the Governor for designation of appropriate State agencies to carry out the programs.

In the legislation before us, on pages 7 and 8 in section 204, we seem to have some conflict with what you indicated as a meritorious arrangement in those two pieces of legislation. This section provides that a Federal department or agency "may" waive a single State agency instead of "shall" do so. Since the proviso clause provides adequate safeguards to protect the objectives of a grant-in-aid program, I wonder if that should not be made "shall"?

Mr. WEAVER. I think there are reasons.

Mr. BECKMAN. The point in our testimony is that the programs we administer to State applicants are already consistent with the provisions of section 204. Section 204 refers to Federal legislation in which you had a single specific State agency that would be the only agency that could administer the grant. None of the agencies in our Department would be affected by this section.

Mr. BROWN. I think the thing I am trying to get at here is, does the legislation to which section 204 refers, give the Governor the greater discretion in which agency he designates as a control agency, and which should it be, in fact?

Mr. WEAVER. I think we probably have some situations in which the statutes now require—local statutes and State statutes—that a given special agency of State government carry out a particular program. I know this is true in some of our local programs and that, therefore, it would seem to me that probably you would have to have some legislation on the State level in some of these instances. This is coming from a layman getting into legal matters, so I will immediately duck over to my assistant general counsel.

Mr. FOARD. In our programs, the important requirement is that the agency administering the program have authority to perform the function involved. Now, in some cases it would not be appropriate to divide up a function among two agencies. It is not a matter of the Federal law specifying particular agencies. Our Federal laws are very broad on that score.

In connection with the 701 program, for example, if the State agency is carrying out a plan for the entire State, there would have to be, naturally, one agency doing that, although I believe we have actually permitted two State agencies in the 701 program, one to do the State planning and the other to administer the planning assistance to the localities. We have been very liberal in our interpretation and our Federal statutes are very liberal as to the type of local agency which can administer each program.

Mr. BROWN. But my question still is: Your law is broader than the language of 204, is it not?

Mr. FOARD. Yes, I would say so.

Mr. BROWN. Does 204 not restrict the language of the legislation you have been discussing or restrict the administration of it?

Mr. FOARD. I do not see that it does because it is dealing with the more limited situation that would not apply to our Department.

It concerns a Federal law which provides a single State agency to administer a program—that is not the situation in our programs.

Mr. BROWN. Maybe we ought to broaden this language.

Mr. WEAVER. I think that you have to have some degree of flexibility in the State, certainly some flexibility for the Governor. He may have good reasons for not wanting to make a change, for doing one thing or the other.

Mr. BROWN. Should we not use the language in the legislation which you referred to rather than the language in section 204? That is my question.

Mr. FOARD. Not necessarily, because in other programs there may be a special reason for a more limited operation. I do not regard this as an inconsistency. This is merely broadening, liberalizing a situation that does not apply to us. Our legislation is broader, but that does not mean that it should apply to all of the programs.

Mr. BROWN. Well, you have it provided in this language in section 204, which says that the head of the Federal department or agency determines that the objectives of the Federal statutes authorizing a grant-in-aid program will not be endangered by such other State structures or arrangements. That is the provision, the safeguard.

Mr. FOARD. It may be an adequate safeguard to do what you say; I do not know. I would not want to suggest that. I do not know enough about the other programs.

Mr. BROWN. We have heard testimony from the mayor of Syracuse, Mr. Secretary, and in his testimony yesterday he said:

One of the prime objectives of the model cities program is to bring about local coordination and available Federal resources and to provide a definite mechanism for this coordination. Yet, the 75 cities already involved in model cities planning are experiencing serious difficulty in achieving this objective. If they are finding this sort of difficulty in a program specifically intended to achieve greater coordination of Federal resources, I need not paint a detailed picture of the grim problems of coordination of more than 400 separate grant programs. We must learn from the experience being gained in model cities and apply them elsewhere.

Would you concur that there have been some problems in the model cities coordination?

Mr. WEAVER. Yes, sir. I would have been shocked if they had not had them. The whole purpose of the model cities program was to identify these problems and give us some experience on a limited scale and to learn how to deal with them. And I think we are succeeding in that regard. I think that it is unfortunate that the mayor who spoke does not have a model city, so he cannot speak from intimate personal experience.

Mr. BROWN. I gather that his testimony may have been prepared with the assistance, however, of the National League of Cities.

Mr. WEAVER. However, I think this type of difficulty was inevitable, and I think the fact of the matter is that we are going to be able to surmount it, which is going to be the important thing. And I believe we are making significant progress. Remember, the process of the model cities is such that difficulty was envisioned along this line. We had the cities come up with their goals, with a diagnosis of what their problems were, and what type of administrative proposal would permit them to get their own local agencies working cooperatively so that they would have a governmental machinery capable of coordination.

And then we are now in the process of months of planning, first on programs, and second on how to do them. Then we will get into execution and we felt that it would take several years to tool up for this. And I would agree 100 percent with the mayor's final statement when he says: "We must learn from the experience being gained in the model cities and apply them elsewhere." This is exactly what the model cities were intended to do.

Mr. BROWN. Let me move on to one of your statements on page 4, where you say:

Doubt has been expressed as to the commitment of the Federal Government to change its old and established ways of doing business. They ask whether the Federal Government will provide adequate funds in a timely manner, will provide adequate technical assistance, and whether Federal procedural requirements will be streamlined both in planning and execution stages.

I would add to that, Mr. Secretary, this is the point on which I started my questioning. Will the Federal Government insist on and provide technical assistance according to its own decision, or will it permit the flexibility and diversity in local decisionmaking with reference to the needs of the people who are being assisted? I seriously question a system which assists people in spite of themselves or in spite of their opposition. It seems to me that basic to our democratic society, people should be assisted in the way that they would like to be assisted.

Mr. WEAVER. I could not agree with you more, and I think the record of the model cities would indicate that the program has been operated in that way, that the proposals have come from the localities. As a matter of fact, the only thing we have insisted upon is that they do the planning themselves and that they do come up with innovative things.

The other thing we have insisted on is that they have the participation of the people who are going to be affected. But we deal directly with the cities and this we have insisted upon. This has been the real problem and we have had some real very fortunate and happy successes with it. I might say in one city they had an election and they had more people out for the election on this than when they elect any other office in the community, because these are areas where people do not do much voting. We get over 50 percent of the people out very often, which is unheard of in these areas.

When I say "we," I mean the program. So the program has to be developed by the city and if they do not develop a good program, we turn them down and we continue to turn them down. They have to come up with a program after they get through with the planning. If they do not come up with a plan that indicates, not that it meets any preconceived concepts of ours, but indicates that they have done a thorough job, then they cannot go ahead with the program. But it is their planning, not our planning. We do not put people in there to plan. We do not develop the plan. We do not determine what goes in the plan.

Mr. BROWN. You just turn it down if you do not like it.

Mr. WEAVER. No; we turn it down if it is a plan so defective mechanically that you can see that the processes were not carried out. If it does not have citizen participation, we turn it down because that is in the statute. If it does not meet the problems, we turn it down and that is in the statute. This is something which can be judged

objectively and not a subjective evaluation on the part of one or two individuals.

Mr. BROWN. I might cite, Mr. Secretary, in conclusion, one city in my area which is now in considerable trouble because the requirements of urban renewal were such that the citizens passed legislation which attempted to take the city right down the drain, and they are in deep trouble because the people in the community did not want to comply with the Federal requirements to get the advantages of urban renewal funds. And now not only is this city relationship with the Federal Government tied up, but even the city relationship in its own activities is tied up because of the frustration in the community.

Mr. WEAVER. Again, if you will look at the statute, there is no way that I could conceive, unless the city is willing to put up an enormous amount of money, that you can have a model cities program based upon supplemental grants if you do not have an urban renewal program. If the city does not want one, it is its perfect right not to have it, but by the same token, it cannot qualify under the statutory requirements. These are choices that are theirs.

Mr. EDWARDS. Just one question. Mr. Secretary, if you will turn to page 6, section 201. That section provides that with regard to any grant-in-aid to any State government, the agency or department will notify the Governor in writing of the purpose and amounts of actual grants-in-aid to the State. I understood you to say that most of your transactions really are with the local communities.

Mr. WEAVER. Most of our programs, yes.

Mr. EDWARDS. This section, as I read it, if I understand its purpose, does not call on the department or agency to advise the Governor of programs in local communities.

Mr. WEAVER. No; but we have, as I pointed out in my statement, given them a quarterly report though we are not required to by law.

Mr. EDWARDS. You go beyond what this section calls for presently?

Mr. WEAVER. Yes.

Mr. EDWARDS. My question to you is: Without regard to just your own Department, would it not be advisable to amend this section to require the department or agency to advise the Governor of programs in local communities as well as State programs? In other words, you seem to think that what you are doing is right, and it would seem to me that it is right, and I wonder if this section should not be amended to call on all agencies and departments to do this.

Mr. WEAVER. I have not had a chance to analyze this sufficiently to give you a categorical answer on that. I do not know what problems there might be. As far as my own activities are concerned, I find that there is no problem in advising State governments and the Governor of the grants going into a State. But I would rather reserve judgment on this and to have a chance to analyze it, which I have not done previously. I say this because it would involve other programs of which I am not familiar. Programs such as mine present no problems.

Mr. EDWARDS. Thank you, Mr. Chairman.

Mr. BLATNIK. Thank you, Mr. Edwards.

Mr. Secretary, we thank you and we thank your assistants.

The next witnesses are the Honorable Phillip S. Hughes, the Deputy Director of the Bureau of the Budget, and Mr. William C. Colman,

Executive Director, Advisory Commission on Intergovernmental Relations.

We also had Mrs. Gladys Spellman, representing the National Association of Counties, scheduled as a witness.

Mr. McLaughlin, I understand you have a statement for the record. I would like the record to show that there has been many instances of legislation dealing with governmental subdivisions, particularly counties, in which the National Association of Counties has been most helpful and most cooperative and, certainly, always informative. The statement by Mrs. Gladys N. Spellman will appear in its entirety at this point in the record.

(The statement referred to follows:)

PREPARED STATEMENT OF MRS. GLADYS N. SPELLMAN, CHAIRMAN, BOARD OF COUNTY COMMISSIONERS, PRINCE GEORGES COUNTY, MD., AND MEMBER, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES

Mr. Chairman, Congressman Erlenborn, members of the committee, my name is Gladys Spellman, and I am chairman of the Board of County Commissioners, Prince Georges County, Md. I also serve as a representative of counties on the Advisory Commission on Intergovernmental Relations.

At the outset, I should once again like to express the wholehearted support of the National Association of Counties for the Intergovernmental Cooperation Act of 1968. This is the 4th year that NACO has endorsed this important and necessary legislation. It is disappointing that such fundamental correctional legislation, embodying concrete and desirable alterations in the administration of our Federal Government's massive grant-in-aid programs, has not already been enacted and implemented. We would like to commend this committee for holding hearings this year. In an era of intergovernmental relations, this bill almost cries out for action. We would particularly like to compliment you, Mr. Chairman, and Representative Erlenborn as cosponsors along with Representatives Machen, Ullman, Reuss, Fascell, Fountain, Dwyer and McCarthy who introduced similar legislation last session. We commend you for the hard work you have done and are continuing to do in the vital area of intergovernmental cooperation.

The problems with which this bill concerns itself are myriad. They involve the effective and efficient operation of our grant-in-aid systems. They concern the viability of local-State-Federal relations. Federal aid funds have quadrupled since 1955. And so, unfortunately, have the problems of all levels of government, both with regard to the implementation of programs to meet the crisis of public service to our citizens, and with regard to the procuring and administering of funds to meet the increasing demands. The Intergovernmental Cooperation Act would give impetus to the huge task of coordination at all levels of government. It would make more effective and equitable the Federal Government's \$18 billion grant-in-aid programs, and its use and acquisition of land in urban areas.

We are all familiar with the problems which our State and local governments encounter with regard to obtaining and administering Federal grant-in-aid funds. Briefly, these are:

1. Long delays and continued uncertainty in approvals from application stage to final funding.
2. Lack of adequate priority ranking systems.
3. Lack of local administrative machinery and capacity to coordinate the 359 grant programs at the point of impact.
4. Lack, in many Federal programs, of a requirement involving the active and continuing participation of local elected officials.
5. Overlap of comprehensive planning requirements for each program, and the lack of coordination of required functional plans.
6. Confusion at the point of impact as to the duplication of Federal efforts.

NACO is, however, extremely pleased with the cooperative steps which have been taken by many departments and agencies to deal with the above problems. The Department of Housing and Urban Development has recently published a

priority system for its grants under the open space program. The Center for Community Planning in the Department of Health, Education, and Welfare, is another example of attempts made to meet the problem head on. The Department of Agriculture now has an "in-house" coordinating operation, as well as technical action panels in the field. Through Executive Orders A-80 and A-85 the Bureau of the Budget has established procedures for representatives of State and local government to review new agency regulations before having them published in final form. Many departments, however, are not utilizing the A-80 and A-85 procedures.

We are most impressed with the above examples of progress being made to make Federal programs more workable at the point of impact. This legislation, we feel, will contribute greatly to the progress underway individually and between agencies, to coordinate better and to make more effective our Federal grant-in-aid programs.

Grants-in-aid have played and will continue to play a crucial role in serving the national interest. They have helped facilitate change—change in perspective and priorities, in thinking, and in action to combat major social and economic problems. They have promoted innovation and breakthrough in getting to the roots of those problems, although too many programs today are still merely hacking away at the branches. But the Federal aid program needs more than a considerable shaking up if it is to make any more than a dent in the accelerating problems which threaten to overwhelm all local governments in the 1970's.

Federal aid programs must be designed and administered to provide greater flexibility and discretion at the local level. They must be administered to avoid the chaotic effect which present grant-in-aid programs have on budgeting procedures. The Federal agencies at present do not sign contracts in conformity with their fiscal year, our fiscal year, or anyone else's fiscal year.

We feel that Congress, by this legislation, can effectively guide and improve the impact of our present Federal aid programs. Some of the proposed changes are indeed simple in concept but they will go far to enhance the future of creative federalism.

Title II, for instance, improves administration of grants-in-aid to the States, and title III, permits Federal departments and agencies to provide special and technical services to State and local governments. It seems to us axiomatic that the Governor of a State should have access to information relating to the purpose and amounts of Federal aid coming into his State. It has always seemed to us that excessive redtape is created when a State is required to deposit Federal moneys in a separate bank account. We approve the effort to minimize the elapsing time between the transfer of funds from the Treasury and the disbursement by a State.

Counties are often the victims of continuing, obsolescent administrative practices. Often a county does not possess the talent and financial resources to modernize. Specialized and technical services, developed through the use of Federal tax dollars, should be made available to the local governments so that they, too, may benefit from this expertise. We find it within the desirable goals of intergovernmental relations that local governments should be allowed to contract for special and technical services with Federal agencies, who have developed the requisite know-how and abilities.

Because of their areawide and regional character counties are often the unit of government best equipped to carry the ball with such regional problems as air, water and waste controls, area traffic and road programs, mass transit, open space, et cetera. Consequently, the Nation's 3,000 counties are experiencing new surges of life. Opening up Federal and technical assistance to these local governments, coupled with the extensive provisions of the Intergovernmental Personnel Act, which passed the Senate last year, will do much to assure continued progress at the county level in these vital areas.

We wish to emphasize particularly the vital necessity of the provision in section 402 of this bill. For years, the Federal Government, by the impact of certain grant-in-aid programs, has been hindering the development of viable, responsible general purpose, local government. We refer to the large amounts of Federal moneys which are not channeled through the units of general local government, but rather, through private individuals or special purpose units. This, in many cases, further fragments local government's ability to coordinate the impact of Federal assistance. Ninety percent of our counties have at least one special district within their boundaries. A Federal policy minimizing this

practice to the greatest extent practicable would go a long way in developing the capacity of general purpose units of government to exercise responsibility for public needs.

Sections 401 and 402 are vital if we are to discontinue the error of the past. Prince Georges County has made a great effort in time, energy, money, and heart to study, in depth, our housing problems, and the needs of our underprivileged citizens. We know what we must do—we know what we must have built—we know where we should encourage such building projects and we are making a real effort to solve the problems, utilizing both public and private capital.

But—and this but is an enormous but—developers are being financed by the Federal Government in very, very large sums to build 221d(3) low- and middle-income projects in our county, not where they would help us, but in many instances where they may do considerable harm. Instead of placing a little of this housing here and another project there, fitting them into the communities so that they don't downgrade their surroundings, but instead serve to upgrade their own tenants, we find huge developments about to be built in such a manner that we can predict they will become the tenement slums of tomorrow. All our planning, all our know-how, our hopes for the future, are being wasted. The Acting Director of FHA, a most cooperative gentleman, sees and understands our problems and has made every attempt to cooperate to the best of his agency's ability, but Congress neglected to insert one important factor in its enabling legislation for 221d(3)—it neglected to allow the local governments to have a voice in determining (1) how much low-income housing it needs, (2) the size of the project to be built, and (3) the placement of that housing for maximum benefit and minimum adverse effects.

It's ironic that on the one hand, Congress, through the model cities program, encouraged us to take a comprehensive approach to our problems, but on the other hand, Congress did not permit a Federal agency to respect our local government's attempt to utilize this comprehensive approach. Section 401 recognizes the need for cranking the local government into the decision-making process. It will greatly assist our counties in their efforts to grow into the viable units they are capable of becoming—with a little help from our friends, as they say.

Section 402 recognizes the need for granting funds through the general-purpose unit of government rather than through special-purpose units, in order to promote the coordinated approach to problem solving.

We feel that this section is vital to the future success of any consolidation of Federal grants-in-aid.

I should like to reiterate our official policy on these important areas by quoting from portions of our American county platform, the entire relevant sections of which are reprinted in the appendix to this testimony.

"Federal aid for urban development administered by numerous Federal departments and agencies are of vital importance to the Nation's counties. Such programs, however, must be coordinated with each other and with local planning and decision making, and administered through effective and responsible local government . . .

Few Federal programs have the stated objective of implementing locally adopted plans for development. To remedy these conditions which have an adverse effect on local government, NACO recommends: (1) that Congress remove from Federal aid programs for urban development all limitations which require or promote special districts to the disadvantage of counties and other general units of local government, (2) that effective functional and comprehensive planning be encouraged at the local level to the extent appropriate in all Federal urban development aid programs, (3) that both Federal and State programs encourage joint participation in cooperative projects by local governments through removal of population and dollar limitations and through the use of financial incentives . . . (5) that Congress and the executive branch establish the principle and implement the practice of Federal interagency coordination in the full range of programs affecting local government."

TITLE V.—URBAN LAND UTILIZATION

Acquisition, use, and disposition of real property by the Federal Government vitally affects the local governments where such property is located. Local government must often stand by and see transactions entered into by the Federal Government which are not consistent with the local government's zoning and land

use practices. Our American county platform recommends that no such acquisition or disposition of property be made except upon advance consultation with officials of State and local governments sharing jurisdiction where the particular property is situated. What results in many cases where local government is not consulted, is a use not in conformity with local comprehensive planning. It is ironic that our Federal Government should be the cause and catalyst of uses which violate local zoning and land use planning, while at the same time requiring so many comprehensive plans of its own. We feel that the Federal Government, as a partner, should be made to be more cognizant of the desires and plans of local government when it acquires, changes the use of, or disposes of its own lands.

I should now like to turn to some most important amendments which we urge you to consider adding to H.R. 16718. These amendments which I will discuss are similar to titles of legislation introduced last session as H.R. 5522 through H.R. 5527 and H.R. 5770. They concern further aspects of the broad and complicated area of intergovernmental cooperation which we feel deserve the attention of this committee.

CONSOLIDATION OF GRANT-IN-AID PROGRAMS

NACO has continually supported the consolidation of categorical grant-in-aid programs into broader, functional grant programs which can be more effectively related to State and local planning processes. We have endorsed the bloc-grant approach in the administration of the comprehensive health partnership legislation. Our American county platform, for example, urges the creation of a new Federal category of public assistance based upon the single criterion of need, and with a single Federal formula as contrasted to the categorical programs, all with separate formulas, separate eligibility requirements, separate record keeping requirements. We believe that consolidation of aid to the aged, the blind, the children, and the disabled would be a good example of what might be done. There are many other examples. The water-sewer programs, presently administered by four Federal departments, deserve further attention with regard to possible consolidation.

We would hope that the purposes of any consolidation would thus blossom into the bloc-grant approach so much discussed these days, but so often misunderstood. We should like to make clear our understanding of what we envision a consolidation into a bloc-grant approach as achieving.

Although bloc grants are defined in a variety of ways, we view them as an allocation process by which State and local governments receive Federal funds to be used for one general area of need, for example, health. Furthermore, the recipients have broad discretion and flexibility in their use, in order to best meet their own individual needs and requirements. All too often today governments are skirting their individual needs by patterning their programs to fit the grant criteria rather than to fit their actual situation.

The bloc grant would have an immediate impact on developing local management capacity for the coordination of their own activities as well as Federal grant programs. Regardless of coordination progress at the Federal and State level, confusion will continue until coordination takes place at the city and county levels.

UNIFORM LAND ACQUISITION POLICY

The need for a uniform Federal policy on land acquisition practices has become increasingly apparent in recent years. Effective implementation of the principles of negotiated purchase, appraisal before negotiation, and providing an opportunity for the owner to accompany the appraiser, will do much to relieve the present congestion of the courts and to assure consistent treatment for land owners. The many varying procedures caused by the vast increase in Federal programs has resulted in a lack of public confidence in Federal land acquisition practices. Political subdivisions, as owners, are also affected. Local government should be compensated in full for lands and facilities condemned by the Federal Government.

ACCOUNTING, AUDITING, REPORTING THE FEDERAL ASSISTANCE FUNDS

NACO endorses and urges the addition to this bill of the recently added title X of S. 698, the Intergovernmental Cooperation Act, relating to accounting, auditing and reporting of Federal assistance funds. With the terrific increase in Federal grants-in-aid programs, has come a complex jungle of Federal auditing

and accounting procedures for local government to adhere to, based upon the various enabling legislation, appropriation acts, departmental regulations and other factors. A serious question, we feel, exists as to whether the existing financial reporting, accounting and auditing procedures are reasonable in their demands upon local government. We feel they are not. This is one important area where overall remedial legislation could serve to coordinate the many complex procedures and make it easier for everyone concerned. We are aware that each Federal agency is charged by Congress and by the Comptroller General to insure proper use of Federal funds. We do, however, see the immense usefulness of a system which would foster greater interdepartmental coordination among the various financial management officials administering grant programs. This legislation would permit the Comptroller General to study and review the accounting and auditing systems of the States and upon his approval of their system, would allow the results of State audits to be accepted by a Federal agency in lieu of their own fiscal audits. This discretion of the Comptroller General could also be extended to local governments receiving sizable Federal grants. Adequate safeguards are provided.

We feel this is an area of our grant-in-aid system which has been ignored to date in any efforts to coordinate and make more effective our grant-in-aid programs. It is an area which would save Federal, State, and local administrators a great deal of duplicated and expensive effort.

UNIFORM RELOCATION ASSISTANCE

The addition of a uniform relocation assistance title to this bill will enable us to attack one of the most glaring problems relating to our various grant programs, that is, inconsistent and inequitable relocation policies. Again, the American county platform spells out our endorsement of relocation assistance:

"The National Association of Counties supports enactment of the proposed legislation which would establish a uniform and consistent Federal policy for protection of all persons and businesses displaced by direct Federal and federally assisted programs: (1) by compensating for the full costs of such displacements; (2) by requiring provision of a program of advisory assistance and service; (3) by assuring availability of adequate housing as a condition of Federal grants-in-aid, similar to the requirements in the Federal urban renewal program; and (4) by advancing 100 percent of funds for the prompt acquisition of highway rights-of-way for Federal-aid highways and by authorizing State governments to reimburse their State share over the period of the actual construction schedule."

Thank you for the privilege of appearing before you today. I will be happy to answer any questions you may have.

EXCERPTS OF PORTIONS OF AMERICAN COUNTY PLATFORM—INTERGOVERNMENTAL COOPERATION ACT

2-4. FEDERAL IMPACT ON LOCAL GOVERNMENT STRUCTURE AND PLANNING

The Federal aids for urban development administered by numerous Federal departments and agencies are of vital importance to the Nation's counties. Such programs, however, to be most effective, must be coordinated with each other and with local planning and decisionmaking, and administered through effective and responsible local governments.

Currently, almost all such urban development aids to local government are available to special districts and, in many cases, private associations, as well as counties. Overly restrictive population and dollar ceilings on certain grants and loans often discourage more economical joint projects among counties and between a county and municipalities within its borders. Finally, few Federal aid programs have the stated objective of implementing locally adopted plans for development.

To remedy these conditions which have an adverse effect on local government, the National Association of Counties recommends: (1) that the Congress remove from Federal aid programs for urban development all limitations which require or promote special districts to the disadvantage of the counties and other general units of local government; (2) that effective functional and comprehensive planning be encouraged at the local level to the extent appropriate in all Federal urban development aid programs; (3) that both Federal and State programs encourage

joint participation in cooperative projects by local governments through removal of population and dollar limitations and through the use of financial incentives; (4) that the States more fully assume their responsibility for assisting urban development in the counties by establishing State programs to supplement Federal matching grants to local governments for urban development, including adequate organizational machinery for appropriate State channeling or review of such jointly supported programs and for rendering technical assistance to the local governments concerned; and (5) that Congress and the executive branch establish the principle and implement the practice of Federal interagency coordination in the full range of programs affecting urban development.

2-6. GOVERNMENT RELOCATION POLICY

Relocation is a serious and growing problem in the United States. Thousands of people and businesses are forced to move because of Government projects, and all indications are that this pace of displacement will accelerate. It has been estimated that from 1964 to 1972 the federally aided urban renewal and highway programs alone will dislocate 825,000 families and individuals and 136,000 businesses. Yet in the face of this large and expanding impact of displacement by government, Federal, State and local relocation policies are inconsistent and inequitable. Neighbors displaced by different programs of even the same government are not treated equally. Moreover, those having the most difficulty in adjusting satisfactorily to a forced move are those most often displaced—low income families, the elderly, minority groups, and owners and operators of small neighborhood stores.

The National Association of Counties supports enactment of the proposed legislation which would establish a uniform and consistent Federal policy for protection of all persons and businesses displaced by direct federal and federally assisted programs: (1) by compensating for the full costs of such displacements; (2) by requiring provision of a program of advisory assistance and service; (3) by assuring availability of adequate housing as a condition of Federal grants-in-aid, similar to the requirement in the Federal urban renewal program; and (4) by advancing 100 percent of funds for the prompt acquisition of highway rights-of-way for Federal aid highways and by authorizing State governments to reimburse their State share over the period of the actual construction schedule.

The National Association of Counties urges each State to enact comparable legislation providing a uniform relocation policy for protection of all persons and businesses displaced by State and local programs. Such uniform State policy should also provide for State sharing in local governments' costs of relocation payments in all State-aided projects.

In the interest of economy and the convenience of those displaced, the National Association of Counties further urges Federal, State, and local governments to cooperate in centralizing responsibilities for relocation, housing, administering payments and counseling services, to the extent practicable, in a single agency in each major urban jurisdiction.

2-10. INCENTIVES IN STATE AND FEDERAL GRANT PROGRAMS TO ENCOURAGE JOINT EFFORTS TO RESOLVE COMMON PROBLEMS

Numerous services performed by local government are best provided when undertaken on a territorial basis broader than the individual unit of local government. Experience in such fields as open space land acquisition, public health, urban planning, and airports has shown that grant programs can be designed to achieve more effective local services through joint undertakings by more than one unit of local government. The National Association of Counties believes that State and Federal grant programs, where appropriate, should contain provisions to encourage joint undertakings among local units of government.

2-11. STATE AND FEDERAL LEGISLATION NEEDED

We recommend that in order to strengthen county and regional planning that applications from local governments within a metropolitan area for Federal grants-in-aid for airport construction, waste treatment works, urban renewal public housing, hospital construction, and urban highways be reviewed and commented on by a legally constituted planning agency with responsibility for comprehensive planning for the metropolitan area or region and that such planning

agencies be composed of or responsible to the elected local government officials of the metropolitan area.

7-6. STATE AND FEDERAL LEGISLATION NEEDED

We endorse adequate State and Federal legislation which permits and encourages county and regional planning. When State legislation is inadequate we recommend that State associations take such steps as are necessary to obtain adequate statutory authority. We recommend that Federal and State highway programs include appropriate provisions for insuring that highways are located with due regard for good local land planning principles, and that Federal and State highway agencies include land planners in their design sections.

We further recommend the enforcement of provisions which would assure the local jurisdictions that problems of drainage, access, etc., which are created as the result of a highway program, would be taken care of by the State or Federal agency that was responsible for the construction of the road.

7-10. COMPREHENSIVE PLANNING AND CONSOLIDATION OF FEDERAL ASSISTANCE PROGRAMS

The National Association of Counties endorses the establishment of a Federal grant program for comprehensive planning, including physical, economic, and human resources planning, on the local level, and urges that all local functional planning be done in conjunction with the comprehensive planning of a general purpose unit of government responsible to elected officials. NACO urges the Federal Government through the Bureau of the Budget or some other agency in the Office of the President to review carefully all planning requirements of Federal programs for consistency. NACO supports the consolidation of special purpose aid programs into broader functional grant programs which can be more effectively related to State and local planning processes.

In order that these comprehensive and functional plans can be carried out, it is necessary that Federal assistance funds for complex projects (such as regional sewerage programs) be committed for the length of the project, perhaps several years. NACO urges the establishment of mechanisms within the Federal Government to assure funds for the completion of long-term projects.

9-18. EQUALIZATION IN FEDERAL GRANTS

Federal grants provide essential financial support to State and local governmental programs by helping to bridge the gap between revenue needs and fiscal resources in support of vital national policy objectives. Their distribution should reflect, therefore, relative inequalities among recipient governments in program needs and in the fiscal capacities to meet these needs.

A. In view of the uneven pace of economic development in different parts of the country, the National Association of Counties recommends that the President require the several departments and agencies administering Federal grant programs to review periodically: (1) the adequacy of the need indexes employed in the respective grant programs; and (2) the appropriateness of their equalization provisions.

B. In recognition of the wide interlocal disparities between needs and resources, we urge the appropriate agencies of the National Government to examine those grant programs which distribute funds directly to local governments or support local projects in order to: (1) Assess the extent to which variations in local fiscal capacities should be recognized in their distribution; and (2) appraise the feasibility of administering effective and equitable equalization provisions in such grants.

C. In view of the wide interlocal variations, we urge the States to recognize, to the extent practicable, disparities in fiscal needs and resources among local governments in the redistribution of Federal grant funds.

D. To facilitate these objectives, we recommend further that the Executive Office of the President expedite the development of plans and procedures for assembling the data required for improving measures of state (including local) relative fiscal capacity and tax effort for Government-wide use.

Mr. BLATNIK. We have here this morning some witnesses who have come a long way, as far away as California and Tennessee. Mr. John DeWild, vice president, Consulting Engineers Council of the United

States, and Mr. John Fisher-Smith of San Francisco, Calif., who is chairman of the Committee on Urban Design, American Institute of Architects; accompanied by Billy T. Sumner of Nashville, Tenn., who is chairman of the Professional Engineers in Private Practice, Government Relations Committee of the National Society of Professional Engineers.

Their testimony is on a rather limited but, to them, a very important aspect of the legislation and it is quite related. We will have all three witnesses sit at the table at the same time.

Mr. Smith, do you want to read your statement, or could you summarize parts that are pertinent and the entire statement will appear in the record?

Mr. FISHER-SMITH. Mr. Chairman, if the time permits, I would like to read my statement.

STATEMENT OF JOHN FISHER-SMITH, CHAIRMAN, COMMITTEE ON URBAN DESIGN, AMERICAN INSTITUTE OF ARCHITECTS; ACCOMPANIED BY WILLIAM G. PATTON, LEGISLATIVE COUNSEL, NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS; AND JOHN A. DeWILD, VICE PRESIDENT, CONSULTING ENGINEERS COUNCIL OF THE UNITED STATES

Mr. FISHER-SMITH. We come as a panel to simplify your hearing procedure, because our professional societies jointly gave testimony and made suggestions on this legislation when it was earlier considered.

I would like to mention that Mr. Billy Sumner was unable to attend because of airplane trouble. We have William G. Patton, who is legislative counsel for the National Society of Professional Engineers.

Mr. Chairman and members of the subcommittee, my name is John Fisher-Smith. I am a practicing architect from San Francisco, Calif., and chairman of The American Institute of Architects' Committee on Urban Design. Today, it is my privilege to appear on behalf of the AIA—a professional society representing 22,000 licensed architects—to discuss certain provisions of H.R. 16718, the Intergovernmental Cooperation Act.

In 1966, when legislation (H.R. 17955) similar to H.R. 16718 was pending before the House Government Operations Committee, the institute, along with several national engineering societies, expressed its opposition to a provision authorizing Federal agencies to provide "specialized or technical services" to State or local governments. We recognized the objective intended to be accomplished, but we saw an unwelcome dividend in the anticipated infringement of the interests of private practitioners. Accordingly, we recommend that language be added to the legislation to permit the Government to supply such specialized or technical services only when the agency head determines such services "are not reasonably and expeditiously available through ordinary business channels." We are pleased to note that the bill before this subcommittee reflects such language. In the opinion of the AIA, H.R. 16718 now offers satisfactory safeguards to private practitioners engaged in offering specialized or technical services.

To further clarify our position we should like to encourage high standards of professional conduct and expertise in Government since only by having wise and talented advisers can the Government aspire to high standards of performance in the planning of its program. We believe, however, that the "specialized or technical" services of architects and other design professionals employed by the Government should be serving in the capacity of advisers, policymakers, and decisionmakers to make the Government a wise client.

Title IV of the bill requires the President to establish rules and regulations to be applied in formulating, evaluating, and reviewing urban development programs. Such rules and regulations are to incorporate eight specific objectives including appropriate land use, conservation of natural resources, balanced transportation systems, and concern for high standards of design.

We strongly endorse this section of the legislation. It is most important that federally assisted urban development be formulated and administered in accordance with guidelines that relate to the overall goal of developing sound, healthy urban communities. Such a broad concern for community values is highly commendable.

While the language of the bill is excellent, we wonder if a citizen can do anything about a transportation system that is not balanced, a highway that destroys a unique historical area, or a public housing project that is poorly designed.

In our opinion, clear, national urban and environmental goals must be developed. Without such goals, value and judgment phrases are not as meaningful as they might be because there is no standard to measure accomplishment. We use the term "national" here, Mr. Brown, but we do not mean to exclude local and State goals for environmental objectives.

Furthermore, it is one thing to consider developing a balanced transportation system and quite another to require it. As contemporary events indicate, wishful thinking about economic, social, and cultural development does not solve the problems of the poor or homeless. We advocate that the objectives stated in title IV be mandatory requirements. This type of commitment and resolve is necessary for sound urban development.

In 1949, Congress established the national housing goal of a decent home and suitable living environment for every American. This is an example of a national goal in a specific program. With nearly 20 years of experience with Federal programs designed to fulfill that goal, it is possible to measure national performance and to take corrective action.

Many other areas—such as land use, open spaces in congested urban areas, conservation, urban development, to mention only a few—require similar explicit statements of national purpose. We do not suggest that this legislation be amended to state such goals.

I would just like to mention again that our statement does not ask the President to establish such national goals. We are talking about national goals that should be established by a dialog between the Congress and the people of the United States as to what this country is trying to do and the direction we are trying to go in urban development. This is slightly different from the questions that Mr. Brown was asking.

Mr. BROWN. When you say "established," you do not mean the establishment?

Mr. FISHER-SMITH. When I use the words "establish national goals"?

Mr. BROWN. You do not mean national goals established by the establishment, you mean national goals developed by everyone in the Nation?

Mr. FISHER-SMITH. Exactly.

But we do believe that intergovernmental cooperation will be more meaningful if all levels of government are working together to accomplish specific objectives. Hopefully, the rules and regulations promulgated by the President will be a step in this direction, and will provide the basis for further congressional inquiry.

Title VIII is designed to provide harmonious intergovernmental relations by requiring Federal land transactions in urban areas to be consistent with local planning, zoning and land use procedures. We believe that if this title is enacted it will, indeed, foster good relations between Federal and State or local governments.

But we also believe the acquisition, use and disposal of Federal land could serve another important purpose: namely, to promote sound planning, zoning, and land use policy. It should be the obligation of the Federal Government to make such transactions in accordance with the planning and land use objectives of the unit of local government only when those local objectives are compatible with the development of the whole area. If the objectives of the unit of local government are incompatible with the area development, then Federal custodianship may be far better than local development.

Accordingly, we suggest the language of section 802 be amended as follows:

DECLARATION OF PURPOSE AND POLICY

SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations and *sound planning, zoning and land use practices* by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall be consistent with *and promote sound* zoning and land-use practices and shall be made to the greatest extent in accordance with *sound* planning and development objectives of the local governments and local planning agencies concerned.

I would like to mention an example of Federal custodianship of land close to my home in the Golden Gate Headlands that may be in the public interest. The Golden Gate Headlands traditionally were a national defense area. On one side, the south side, the Presidio has been a Government post since Spanish times. On the other side, Forts Berry, Baker, and Cronkite were Government national defense lands. The result was that through the custodianship of the Federal Government, in this case, the Army, these lands remained undeveloped. Today, therefore, we have a remarkable resource in our Golden Gate area as the bridge crosses between these great green headlands. Had private development taken place, had these lands been disposed of at an earlier date, undoubtedly the pressure for development in a rapidly growing urban area would have caused them to be turned into more city fabric, similar to the western addition or to the beach area of San Francisco. This would not have been an unpleasant development.

However, looking at the greater metropolitan area now or in its future form, the great green headlands possibly are going to mean more to the entire area than metropolitan development.

I believe there is an extremely difficult judgment to be made here as to whether or not local objectives are being met in a Federal disposition program. I think what we are saying is that we do believe the Federal Government has a role to represent the entire area. Perhaps some local governments, small counties or small towns, under the pressure of rapid development, might not be equipped yet to cope with the disposition of Federal lands. This should be an alternative consideration.

Furthermore, we believe the Federal Government should require comprehensive planning as a condition precedent to the disposal of Federal real property, rather than leaving such planning to the discretion of local government as provided by section 803. In our opinion, adding this requirement may spark planning activity where none was contemplated by local officials.

In conclusion, we wish to note our great respect for the Federal system, and for the autonomy of governmental bodies within their spheres of jurisdiction. But we think the changing times may require greater experimentation into specialized governmental units. Interstate compacts, regional authorities, and the like might prove to be more effective means of marshalling resources to combat pollution, to accomplish highway planning and to initiate effective land use policies than the elaborate structure of local governmental institutions now coping with such problems. We suggest that this is an area requiring study which might be generated by this distinguished subcommittee.

Thank you for the privilege of testifying.

I would like to introduce Mr. DeWild. We would be prepared to answer any questions at the end of our testimony. Thank you.

Mr. BLATNIK. Go right on, Mr. DeWild. You have a statement, and we have you identified as vice president of the Consulting Engineers Council of the United States.

Mr. DEWILD. Mr. Chairman, I would like, however, to file an amended statement. It is not significantly different, but I would like to file it for the record if that is permissible and then comment on this statement and try to shorten it.

Mr. BLATNIK. The statement will appear in its entirety at this point in the record.

(The prepared statement of Mr. DeWild follows:)

PREPARED STATEMENT OF JOHN A. DEWILD, VICE PRESIDENT, CONSULTING
ENGINEERS COUNCIL OF THE UNITED STATES

Mr. Chairman and members of the subcommittee, my name is John DeWild. I am president of DeWild, Grant, Reckert & Associates, an electrical-municipal-industrial engineering firm located in Rock Rapids, Iowa. Our firm engages in numerous federally assisted projects ranging from sewage treatment systems to rural communications. I am registered to practice engineering in the States of Iowa, Minnesota, South Dakota, Alaska, Colorado, North Dakota, and Nebraska. I appear before you today in the capacity of vice president of the Consulting Engineers Council of the United States.

The owners, principals, and associates of our more than 2,000 member firms have long been aware of the need for better identification and coordination of the many and complex assistance programs being promulgated by Federal agen-

cies in cooperation with local governmental bodies. Nevertheless, when legislation similar to H.R. 16718 came before this subcommittee approximately 2 years ago, we were among those expressing opposition. The basis of our concern was the technical assistance sections of various proposals which we felt would have permitted Federal agencies to provide special or technical services in direct competition with private firms.

It is with some disburdening, therefore, that we note in title III, section 302, of H.R. 16718, that recipients of special or technical assistance will, under the legislation, be required to reimburse the Federal Government for all computable direct and indirect costs in connection with the performance of such services and, further, that the only special or technical services which can, in fact, be provided to State and local units of government are those which have been approved by the Director of the Bureau of the Budget. With these provisions we believe that the interests of private enterprise are receiving appropriate consideration and protection and we are pleased, therefore, to reverse our previous stand on this proposal.

This, of course, presumes that the reference in H.R. 16718 to direct and indirect costs intends to include all of the items set forth as costs by the Bureau of Budget policy memorandum A-76. In other words, we are assuming that local governments which request technical and special assistance will be expected to reimburse the Federal Government for salaries, fringe benefits, materials, insurance, rent, Federal taxes, depreciation, utilities, and similar standard expenses of any business operation. We believe that compensation for all such costs is just and proper and that collection of same is in the interests of both the Congress and the American taxpayers.

With regard to securing Bureau of Budget approval as to which special or technical services may be provided to State and local governments, H.R. 16718 fails to stipulate how approval is to be obtained and administered. We presume that the Director of the Bureau of the Budget will eventually issue guidelines as to what governmental services are, or are not, duplicative and competitive with similar services offered by private firms. We are hopeful that private industry will be given an opportunity to review and comment on such guidelines prior to their publication and dissemination by the Bureau. This is implied in the reference to rules and regulations (which) shall be consistent with, and in furtherance of, the Government's policy of relying upon the private enterprise system. This statement of intent should serve to prevent any activity, such as we have experienced in the past, wherein Federal agency engineering staffs have competed directly with private firms for both private and public engineering assignments.

Contradiction of the private enterprise philosophy is only one of several reasons why Government agency personnel should not duplicate services available from private sources. For example, there is a pressing need for staff personnel to develop guidelines and procedures for improving administration and coordination of the various programs for which they are responsible. Even President Johnson has pointed out the need for elimination of unnecessary red-tape in Federal grant-in-aid programs. As recently as last October, the President publicly noted that many agencies are taking much too long to process applications filed by State and local governments.

Our council agrees. We think it is time that something be done to bring some order to the conduct of the various assistance programs, some of which are so ineptly handled that they have been cited by local public health officials as doing more harm than good. Legislation which once raised aspirations and aroused hopes of many citizens is now the source of grave disappointment.

In just the water-sewer field alone, hundreds (perhaps even thousands) of applications have been in process for periods in excess of half a year. Rules and procedures for handling applications are still being finalized and standardized more than 2 years after the programs have been implemented. Most agencies are frank to admit that appropriated funds cannot possibly meet existing requests, yet there are still a few State and local administrators who continue to promote their respective programs and to solicit applications. Mayors and other local officials have termed the delays and constant procedural changes a break of faith which produces frustration and impatience on the part of the very people the Government is trying to aid.

The Intergovernmental Cooperation Act, with its proposed coordination of policy and administration of grants and loans for urban development, could

be a valuable aid in correcting current difficulties. We particularly endorse the provisions of titles II and IV of H.R. 16718 with regard to (1) establishment of rules and regulations for uniform evaluation and review of urban development programs and improved administration of grants-in-aid to the States.

In endorsing such review, we are particularly happy to note that H.R. 16718 provides a channel by which the comments and recommendations of applicants and their agents may be included as an integral part of program studies. This endorsement is prompted by the misleading content of the September 1967 inter-agency report to the President. That report, entitled "Reducing Federal Grant-in-Aid Processing Time," was prepared by a joint administrative task force comprised of representatives of various participating Federal agencies. In our opinion, the report is more a reflection of improvements which agencies hope to achieve, than it is a summary of specific accomplishments.

The President, on October 31, 1967, directed that certain of the improvements stipulated in the task force report be carried through. There is real question as to whether the President's directive has, in fact, received total compliance. As an example, the report calls for standard guide documents for engineers. These have not been forthcoming, and, in view of the complexities of individual projects, probably should not be adopted except in a general form. In another instance, the report discusses elimination of repetitious information and requests for more data during preliminary review and rating processes. Yet communities which have already received grant clearance still suffer time delays caused by Federal reinvestigation of certification of previously approved local finance officers who are bonded custodians of public funds and are subject to State audit. Even city or county attorneys need to be recertified on each and every application.

The interagency task report, under the section on "Results," notes that agencies are revising internal processing procedures by eliminating technical review in Washington. The facts of the matter are that a number of agencies still insist upon review of contract forms, applications, or even construction plans by overloaded national staffs.

So as to insure a completely objective review of the extent to which the purposes and activities of the Federal grant-in-aid programs are being carried out, it is necessary that all viewpoints—national, regional, State and most of all the views of local applicants be fully considered. We believe a far more accurate picture may result.

In this connection, our council has been instrumental in bringing together construction, financing, engineering, planning, administrative and other interests concerned with improving the various water-sewer grant-in-aid programs to States and municipalities. This group of 28 associations, now known as the Advisory Council on Federal Water-Sewer Programs, has maintained close and continued liaison with an interagency committee comprised of representatives of the Department of Housing and Urban Development, the Economic Development Administration, the Farmers Home Administration, and the Federal Water Pollution Control Administration. Together, these two groups—one representing the public, the other representing the agencies—have been striving to develop new forms, standardize planning requirements, establish time limitations in processing, better define financial arrangements, tie down priority systems, speed up availability of accurate statistical information and broaden systems compatibility. The success of this cooperation is reflected in a new standard form 101 as well as generalized terms and scope of services to be covered in three out of the four agencies' engineering agreements. This relationship could very well serve as a guide for incorporating similar outside participation in reviews and studies which are recommended in H.R. 16718.

It is interesting to note that many of the administrative improvements recommended by both Consulting Engineers Council and the water-sewer advisory group, are reflected in another important bill—H.R. 12631—currently being considered by this subcommittee. There is no question but what processing delays on a large number of Federal assistance applications are the direct result of different agencies being unable to expeditiously coordinate their respective responsibilities on a single project. Some progress in this area is being made by the Joint Interagency Council, but the establishment of authoritative and procedural guidelines cannot help but result in further improvement. Our council is pleased to lend its endorsement to H.R. 12631, and we particularly commend the proposed creation of joint or common application processing procedures and the establishment of standard technical or administrative rules.

Consulting Engineers Council firmly believes that a searching review of present programs of Federal aid to local governments is badly needed and that further escalation of current methods and procedures can only result in continued waste of public funds, growth of bureaucracy, and a weakening of the importance of local government. H.R. 16718 and H.R. 12631 represent a broad and constructive plan for reducing and overcoming such problems, and we are, therefore, pleased to extend to both our support and to recommend their adoption.

We greatly appreciate this opportunity to present our views on this very important subject. Thank you.

Mr. BLATNIK. The first part of your statement concerning technical assistance is quite similar to what we have already heard, and we understand your position on that. Would you elaborate on any other particular points that should be called to our attention?

Mr. DEWILD. Basically, what I would like to say is that we are happy that we could be here in a different role than we were at a previous time with respect to this legislation. We were concerned about things then. We are now happy that some changes are being made which we believe are in the public interest.

The statement is in connection with the matter of the use of private consultants, private enterprise. We believe that the two parts, the one which involves the payment for services, not only direct costs, but the indirect costs such as overhead, rent, and so forth, are to be paid by those who receive the services. Furthermore, only those services that the Bureau of the Budget says should be provided can be provided. We think this is good. We wonder just what guidelines will be used, but we hope that we can have some voice in the decision in connection with those guidelines. There are various reasons why Government personnel should not provide services when they are available from other sources. One big reason is that many of these programs require the services of the agency people to expedite these programs. We are still facing long delays in applications and in the processing of the various grant programs. In the water and sewer field, there are large backlogs, and it is taking a long time to process these backlogs. We think that Government people could better serve in the area of trying to expedite these programs rather than provide technical services when they are available from other sources.

There have been reviews made as to why there are delays. We wonder whether these studies have been complete and have really arrived at the answer. We think that one way we can get better answers is by going out in the field and getting the viewpoint of recipients of the grants who are dealing with these programs. This can better determine how well the job is being handled. We think this should be done.

The Consulting Engineers Council has been working with groups that we think have been instrumental in shortening these programs, particularly in the water and sewer program. More detail as to that appears on page 4 and the top of page 5 of my statement.

But I would like to comment about one other bill in this same area. H.R. 12631 is an important bill that this subcommittee is considering. We think that H.R. 12631 fits very well into this particular picture, and we favor that bill, too. We think the two together would help our situation and also the public situation. The Consulting Engineers Council firmly believes that a searching review of present programs of Federal aid to local governments is badly needed and that further

escalation of current methods and procedures can only result in continued waste of public funds, growth of bureaucracy and a weakening of the importance of local government.

H.R. 16718 and H.R. 12631 represent a broad and constructive plan for reducing and overcoming such problems. We are, therefore, pleased to extend to both our support and to recommend their adoption.

We thank you for this opportunity to appear and I would like to file this amended statement.

Mr. BLATNIK. Thank you very much, Mr. DeWild.

Mr. FISHER-SMITH. Mr. William Patton, speaking for Mr. Sumner.

Mr. BLATNIK. Mr. William D. Patton.

Mr. PATTON. Thank you, Mr. Chairman.

Mr. Sumner, our originally scheduled witness, was unable to appear. This has already been explained. I apologize for him, and I will submit his statement for the record.

Mr. BLATNIK. The statement will appear in its entirety at this point in the record.

(The prepared statement of Mr. Sumner follows:)

PREPARED STATEMENT OF BILLY T. SUMNER, P.E., ON BEHALF OF THE
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

Mr. Chairman and members of the subcommittee, I greatly appreciate this opportunity to present the views of the National Society of Professional Engineers on H.R. 16718, the proposed Intergovernmental Cooperation Act.

My name is Billy T. Sumner. I am a professional engineer, registered in six States, and a partner in the consulting engineering and planning firm of Barge, Waggoner and Sumner of Nashville, Tenn. I am vice chairman of the professional engineers in private practice section of the National Society of Professional Engineers for the Southeastern region and also serve as chairman of the section's Government Relations Committee.

The National Society of Professional Engineers is a nonprofit organization composed of 53 State and territorial professional engineering societies with more than 500 chapters and over 66,000 members, all of whom are qualified under applicable State engineering registration laws. Our membership includes professional engineers engaged in virtually every specialized branch of engineering practice and type of employment—government, education, industry, and private practice.

I would like to comment today on behalf of NSPE on the provisions of title III of H.R. 16718 relating to specialized or technical services; and also on title IV, which provides for coordinated intergovernmental policy and administration of grants for urban development.

Title III would authorize Federal departments and agencies to render specialized or technical services to State and local governments, upon request, on a reimbursable basis. Specialized or technical services are defined in section 108 of the bill to cover such a broad range of services that in the absence of clear language in the bill to the contrary, coupled with a clear expression of congressional intent in the legislative history, we would be seriously concerned that title III might be interpreted and applied to put Federal departments and agencies in direct competition with private firms and consultants already providing such services to State and local governments.

Happily, when this committee was considering similar provisions in the predecessor bill to H.R. 16718 (H.R. 17955 in the 89th Congress), it was agreed by all concerned that the intent was not to place the Federal Government in competition with private firms and consultants, but simply to make available to State and local governments services which they otherwise would not be able to obtain.

As stated in the report of the Senate committee on the proposed Intergovernmental Cooperation Act (Senate Report No. 538, 89th Cong., 1st Sess.):

*** in light of recommendations made by the Budget Bureau, the Advisory Commission, and Mr. Paul H. Robbins, executive director of the National Society of Professional Engineers, the committee agreed to remove any ambiguities concerning the kind of services that would be provided *** this was done in order

to avoid the unfair competitive practices which consulting engineering, mapmaking, and photogrammetry firms have criticized. Extensive discussions with staff members of the Budget Bureau familiar with this problem produced the following clarifying language, which was added at the end of new section 402:

"Provided, however, That such services shall include only those which the head of the Federal agency concerned determines are not reasonably or expeditiously available through ordinary business channels.

"The committee believes that this amendment, along with the definition of such services found in section 106, title I of the revised bill should correct any misconceptions concerning this section's scope and purpose." (Report, page 17)

Later in the report (page 32), the committee elaborated further on the purpose of the provisions relating to "specialized or technical services" by stating:

*"The services authorized by this title * * * shall include only those which the head of the Federal agency concerned determines are not reasonably and expeditiously available through ordinary business channels. The purpose of this title is to make available to State and local governments only those services which agencies and departments * * * are uniquely able to perform * * *. The language of this section makes it clear that the Federal Government, by the authorization of this title, and unless clearly authorized by statute, should not be placed in direct competition with private businesses which are normally capable of performing the needed services * * *"*

Title III of H.R. 16718, the pending bill, contains new language clarifying the intent that the authority to provide specialized or technical services is not to be used to provide services available from private firms and consultants. We believe this language should be effective in preventing unintended competition. We are particularly pleased with the addition of new language explicitly referring to the Government's policy of relying on the private enterprise system. We do urge, however, that language similar to that already quoted from the committee's report on the predecessor bill, be incorporated in any report on H.R. 16718, the pending bill, to assure that the basic intent is crystal clear.

Regarding title IV of H.R. 16718, we support the policy declarations and requirements set forth in section 401 relating to the sound and orderly development of urban communities—particularly the requirement that rules and regulations established by the President governing the formulation, evaluation and review of federally aided urban facilities and projects shall provide for full consideration of the concurrent achievement of the eight objectives set forth in subsection 401(a).

We believe it is highly important, however, that the intent behind this requirement be spelled out and clarified in any committee report on the bill, to assure that its purpose will be accomplished.

Practically all members of the various design professions, we feel certain, would readily agree that effective accomplishment of the eight objectives enumerated in subsection 401(a)—ranging from appropriate land use to high standards of design—necessarily involves engineering and architectural decisions. Thus, implicit in subsection 401(a) is the requirement that engineers, as well as other design professions and other appropriate disciplines, be brought into the urban planning process at the outset, to take part in the formulation, as well as the implementation, of programs and plans relating to federally aided urban development.

Since in all too many cases, in the past, consideration of the engineering aspects of urban projects has been overlooked or ignored in the formulation of programs and plans, we ask that Congress' intent that all appropriate disciplines, including engineering, be brought into the urban planning process at the outset be spelled out as clearly as possible throughout the legislative history of H.R. 16718.

In this regard, I would like to submit for the record a "Guide to Professional Collaboration in Environmental Design" which has been jointly developed and adopted by the three societies represented here today (NSPE, the Consulting Engineers Council and the American Institute of Architects), together with the American Institute of Consulting Engineers, the American Institute of Planners, the American Society of Civil Engineers, and the American Society of Landscape Architects. The guide emphasizes the need and desirability for collaboration among all environmental design professionals, and sets forth guidelines and tenets aimed at promoting and facilitating cooperation and teamwork among professionals who deal with research, planning, design and construction of man's

living environment. We believe the guide will be useful to the committee in the course of its current hearings, and in developing a report on the comprehensive planning provisions of H.R. 16718.

Mr. Chairman, we sincerely appreciate this opportunity to present our views, and will be happy to cooperate with the committee in every way possible.

PROFESSIONAL COLLABORATION IN ENVIRONMENTAL DESIGN

(This Guide has been approved and adopted by the American Institute of Architects, the American Institute of Consulting Engineers, the American Institute of Planners, the American Society of Civil Engineers, the American Society of Landscape Architects, the Consulting Engineers Council of the United States, the National Society of Professional Engineers.)

PREFACE

In the interest of promoting the public health, safety and general welfare, national organizations representing members of the design professions who deal with research, planning, design and construction of man's living environment have jointly prepared this guide to professional collaboration in environmental design.

There is a continuing need for a better understanding of the services offered by those professions concerned with the conception, analysis and design of planning and construction projects. Uncertainty often exists in the minds of both the public and the design professions as to the functions performed and the areas of service provided by these professions. All of them entail exhaustive study and research, demonstrated talent in planning and design, and devotion and integrity in guarding the public welfare and the client's interest. To delineate the various design functions and areas of practice precisely is impractical, as they may overlap to a degree.

However, with the complexity and magnitude of present-day buildings and man's living environment, the merging of design services through collaboration among all environmental design professionals is required to meet advancing environmental standards, to solve the complicated design problems of contemporary projects, and to produce unified and harmonious results. Such collaboration and teamwork throughout the planning and design cycle are supported wholeheartedly by environmental design professionals in the interest of their clients and the public.

It should be noted that, since registration is not presently required of all design professionals in all States, the references to professional licensing, registration, registration laws or legal qualifications made in this statement are applicable to professionals whose registration is required in State laws.

TENETS OF THE COLLABORATING DESIGN PROFESSIONS

The environmental design professions include architects, engineers, landscape architects and planners. Members of these professions adhere to the following tenets:

- (1) They uphold the dignity and advance the progress of other design professions by exchanging information and experience.
- (2) They familiarize themselves with the registration laws of the other design professions and adhere to the spirit as well as the letter of those laws.
- (3) They recognize, whenever a project involves skills practiced by several professions, that close collaboration is desirable between them and should begin at the very earliest stage of research, analysis and design, and at that time the responsibilities of the collaborating professions should be clarified and established.
- (4) They perform their services in accordance with the standards of conduct and code of ethics of their individual professions, and each respects the standards and codes of the other professions.
- (5) They respect the professional reputation, prospects or business of all their colleagues in the design professions.
- (6) They do not supplant another design professional after definite steps have been taken toward his employment whether as principal or as collaborator.
- (7) They do not engage in competitive bidding with another design professional on the basis of professional charges.
- (8) They do not accept a commission on a contingency basis as a device for obtaining work.

(9) They will not accept a commission on which another design professional has been engaged, unless his connection with the work has been terminated.

(10) They do not offer the services of another professional as a collaborator without his consent.

(11) They do not review the work of another design professional except with his knowledge.

(12) They do not alter or copy reports, drawings or specifications prepared and identified by another design professional, whether or not bearing his seal, without his knowledge and consent.

(13) They give due public recognition to the work performed by collaborating design professionals.

Collaborative Service Contracts

The combined talents of collaborating design professionals and their coordination are required on many projects.

Ordinarily the client's interests are best served in the research, analysis and design of a project when the client has a single contract with a prime professional who is responsible for direction of the work and for providing through collaboration the specialized services that may be needed. This makes available to the client all the advantages of specialization and at the same time centralizes responsibility. It is then up to the prime professional to see that collaboration is initiated at the earliest possible stage and carried on throughout the life of the project.

It is recognized that some long-range planning projects requiring continuity and some projects with a prolonged construction period may be better handled by separate contracts between the client and individual professionals under the general guidance of a coordinating professional.

Selection of Prime Professional

It is the responsibility of the client to select and designate the prime professional and to approve the selection of the collaborating professionals for his project. When the major portion of a project is in the recognized category of a particular design profession, a member of that profession should be the prime professional. The prime professional's design ability, professional reputation, demonstrated competence, practical efficiency, business capacity and integrity, good judgment and ability to obtain the cooperation of those involved in a project will be the primary considerations in his appointment.

Coordination of the Work

The prime professional is responsible for the design of the project. He will be the project coordinator and will have the responsibility for selecting the collaborators with the consent of the client.

The education, experience and registration (as prescribed by State law) of each of the collaborators qualify him for design services of particular type and scope. Each design professional is cognizant of the training and experience required for competency in the design professions, and does not render his services in those areas in which his qualifications are not established.

Contractual responsibilities

The allocation of professional responsibilities is determined in joint conference between the prime professional and the collaborating professionals prior to the design work to insure proper consideration of all elements.

When the collaborative design services are performed under a single contract, the areas of responsibility and the division of the fee between the collaborators are determined by negotiation between the prime professional and the various collaborators, and are agreed upon prior to the start of design work.

When separate contracts between the client and the various collaborators are executed, all such contracts should include a clear statement of areas of responsibility and work, should state which of the parties is to be the project coordinator and define his authority.

Professional firms

Many firms will include in their organizations more than one of the usual specializations of the environmental design professions. Such firms may perform more than one function, or may perform all design for an entire project, to the extent they are legally qualified. Two or more professionals or profes-

sional firms may form a "joint venture" for the purpose of rendering the client a complete design service.

SELECTION AND COMPENSATION OF ENVIRONMENTAL DESIGN PROFESSIONALS

Selection basis

Environmental design professionals furnish the creative talent necessary to bring into realization the client's projects. The environmental design professions are learned professions requiring of their members sound technical training, broad experience, personal ability, honesty, and integrity. The selection of design professionals by an evaluation of these qualities is the basis for comparison of their services.

Many projects require the teamwork of several collaborators. The design team provides management, research, planning, design, drafting, technical, and non-professional personnel and the facilities needed. It is essential that the client understand that design professionals have expenses considerably greater than direct salaries. Adequate compensation is necessary for them to provide the scope and quality of services that the client desires and has a right to expect.

Members of the design professions will not solicit or submit proposals for professional services, including supporting services, on the basis of competitive bidding. Such competition by design professionals for employment on the basis of professional fees or charges is defined as: the formal or informal submission, or receipt, of verbal or written estimates of cost or proposals in terms of dollars, man-days of work required, percentage of construction cost, or any other measures of compensation whereby the prospective client may compare services on a price basis prior to the time that one individual, firm, or organization has been selected for negotiation.

Selection policies

The responsible member of the professional firm being considered by the client for a particular project, having established competency to perform the necessary services, must be legally qualified to practice as prescribed in the State in which the services are required, and must have adequate recent experience in responsible charge of the professional disciplines involved. The client is referred to the appropriate professional society for a definition of "responsible charge" if he is not familiar with the requirements.

Every firm being considered should be requested to provide complete information on its qualifications. This information should include the personal qualifications of principals and key personnel, current work load and a record of recent projects. Similar information should be supplied for the collaborators.

Selection Procedures

In selecting the prime professional, the client should proceed as follows:

(1) Prepare a description of the proposed project, the purpose to be served and any other pertinent factors for transmittal to design professionals.

(2) Request data on the qualifications of a reasonable number of professionals (and their proposed major collaborators) who appear capable of meeting the requirements of the project, and review their qualifications and experience.

(3) Arrange personal interviews, preferably in the office of each professional, to assure mutual understanding of the contemplated project and the capabilities of the firm.

(4) Investigate each professional work, if desired, by requesting a visit to one or more of his projects, or an interview with the owners and possibly others associated with the projects. Where appropriate, this procedure may be extended to some or all of the major collaborators.

(5) Select the preferred prime professional and reach an agreement on mutually satisfactory contract terms, including compensation based on the value of the services to be performed.

(6) If a satisfactory agreement cannot be concluded with the preferred prime professional, the client terminates the negotiation and repeats the process of review and negotiation with the next party of his choice.

Compensation

Compensation for professional services may be established by a variety of methods. Professional societies have issued manuals describing these methods,

and the client may wish to refer to these manuals for guidance. Among the more common methods, or combinations thereof, are the following:

- (1) Percentage of construction cost
- (2) Lump sum
- (3) Cost plus a fixed amount or percentage
- (4) Salary cost times a factor
- (5) Per diem
- (6) Retainer fee

The type and size of the project, the scope of the professional services required, the area in which the design professional is located, and the area in which the work is to be performed, all have a bearing on the cost of professional services. Quality is the only true measure of the services offered by the professional.

Functions of the Coordinator

Where professional services are performed under a single contract between client and prime professional, the prime professional acts as coordinator. In addition to his usual services as a design professional, it is his duty and responsibility to:

- (1) Negotiate the scope of professional services, compensation and terms of payment with each independent collaborator.
- (2) Prepare a time schedule based upon the client's program for the project in agreement with the client and collaborators.
- (3) Obtain from the client, and furnish as needed to the collaborators, all surveys, subsurface and soil mechanics investigations and reports, and other necessary data.
- (4) Arrange for all project conferences between the client and design collaborators, and maintain liaison continuity with them on all project matters.
- (5) Coordinate and transmit all recommendations received from and made to the client.
- (6) Assume final responsibility for all decisions required by the agreement with the client for the services to be rendered.
- (7) Establish and coordinate design standards with concurrence of the collaborators and, where pertinent, coordinate statements of probable construction costs prepared by them.
- (8) Where construction is involved, it is also the duty and responsibility of the coordinator to:
 - (a) Coordinate the preparation and arrange for the printing, publication and distribution of the construction contract documents.
 - (b) Advise the client of the construction contract procedure, and with the advice of appropriate collaborators, assist in compiling a list of bidders or aid in negotiations with selected contractors.
 - (c) Coordinate the analysis of bids and submit to the client recommendations as to award.
 - (d) Coordinate the general administration of the construction contracts among the collaborators.
 - (e) Prepare a completion report with the assistance of the collaborators and recommend as to acceptance of the work.

Mr. PATTON. With your permission, I will make a very brief summary of the two major points in the statement.

Mr. BLATNIK. I have skimmed through it and you express the same concern about title III, so there is no need to elaborate too much. Summarize the other points that you are concerned about.

Mr. PATTON. Our position on title III is spelled out in some detail in the record, so I will concentrate primarily on our interest and our suggestion regarding title IV of the bill.

We support very strongly the policy declarations and requirements that are set forth in section 401 relating to the sound and orderly development of urban communities, particularly the requirement that rules and regulations established by the President governing the formulation and evaluation and review of federally aided urban facili-

ties and projects shall provide for full consideration of the concurrent achievement of the aid objectives set forth in that subsection. In this provision also is the requirement that engineers as well as other design professions and other appropriate disciplines be brought into the urban planning process at the very outset to take part in the formulation as well as the implementation of the programs and plans related to federally aided urban development. It has been our experience in the past that frequently the engineering aspects of urban problems and projects have not been considered at the outset and this in turn has led to complications and subsequent increased problems.

The language here has the implicit requirement of bringing in all of the appropriate disciplines, engineers, architects, and others, at the outset. We respectfully think and very strongly urge that the committee, in writing any report on this legislation, spell this out so that it becomes a clear-cut part of the legislative history of this legislation when it is enacted.

As a guide to the committee and as an attempt to be helpful, we have submitted for the record a guide to professional collaboration and environmental design which has been prepared jointly by the three societies represented here today as well as the American Institute of Consulting Engineers, the American Institute of Planning, the American Society of Civil Engineers, and the American Society of Landscape Architects. The guide emphasizes the need and desirability for early collaboration among all environmental design professions and sets forth guidelines and tenets aimed at promoting and facilitating this cooperation and collaboration. We believe that this guideline would be very useful to this subcommittee.

That summarizes our statement, Mr. Chairman. We certainly appreciate the opportunity to be here.

Mr. BLATNIK. Thank you very much. We are very well aware of the concerns and the viewpoints of all of you and we appreciate your recommendations. We assure you that they will be given every full consideration by the committee. I am very hopeful that we will be able to accommodate you, at least for the major portion of your recommendations.

Thank you for traveling so far, waiting so long, and for condensing your testimony because of the pressure of time.

Mr. EDWARDS. May I ask one question?

Mr. BLATNIK. Certainly, Mr. Edwards.

Mr. EDWARDS. To each of you gentlemen, to what extent does your particular institute or council approve the statements that you gentlemen have made? What is the process by which you come here to make this statement on behalf of your various organizations?

Mr. FISHER-SMITH. I can only answer for our society, the American Institute of Architects. We have a commission of our society that has the legislative program and involves the committees of the institute. The bills are circulated to committee members of pertinent committees. In this case, for instance, I represent the committee on urban design. I can speak for the committee on urban design as representing a 10-year effort to develop a sharper response to legislation. And this results in a great deal of correspondence between leading members of our committees, workshops that we hold at our headquarters here—

I attended a workshop yesterday and this morning on the concept team approach to the design of highways, which is pertinent to the remarks that Mr. Patton made in connection with interdisciplinary design teams. This is also pertinent to section 8 under title IV, concern for high standards of design, and the subsection on schematic planning required of Federal programs. I believe the statements that we do make do represent a great deal of thought and concern in our institute.

Mr. EDWARDS. A broad consensus?

Mr. FISHER-SMITH. I think that there are always two concerns in our institute. One is the bread-and-butter business of profession to see that we continue in practice, to see that we serve. In addition to that, I believe there is always the search for newer needs and the search for greater areas of public service.

Right now my committee has been the lightening rod for a number of years, the conscience of our profession about the environment. We are extremely concerned and we are trying to find ways to be helpful. I think the interdisciplinary approach, in which architects, landscape architects, attorneys, sociologists, and various kinds of people concerned with urbanism and urban design, working together as a team, is offering a new way to break loose some of the complex problems of cities.

Yes, I do believe that we represent a broad concern in our institute.

Mr. EDWARDS. How is your particular committee chosen?

Mr. FISHER-SMITH. Our committee is chosen, I would say, institutionally by the commissioners who represent the regions of our institute, regional directors. They select men who have shown an ability to deal with a particular subject and nominate them and then the board of directors of the institute consults with the committee staff and with the chairman of the committee and choices are made.

Mr. EDWARDS. I do not care to prolong this approach, but I just wondered if you other gentlemen can say very briefly that it involves the same general procedure or to what extent you do speak for your own council.

Mr. DEWILD. I might say that our procedure is somewhat different but, on the other hand, I do think we represent the feeling of the bulk of the membership of the Consulting Engineers Council. We have our committees organized into areas of activity and a group of committees, of course, deal with governmental agencies. And we also have four vice presidents.

During the past year it was my responsibility to supervise the committees that deal with governmental agencies. We also have, of course, discussed legislation very extensively in our annual meetings, in our conventions, our board meetings and so on. Through these two means, I think we certainly have the pulse of the membership of our organization but, of course, the statement was written by a few of us. I believe, however, it represents the feeling of virtually all.

Mr. FISHER-SMITH. Mr. Edwards, if I might remark, it would be possible for our council chairman, Mr. Hutchinson, to provide you with specific board resolutions which have been adopted by the board of the American Institute of Architects over the years, wherein the committees have brought forward some of these concerns to the board level which represents across the Nation since our board is sensitive to their constituents on an areawide basis.

Consequently, I could not represent to you very far from what our board policy has been, but I believe if you would like that followed through, we could do that.

Mr. EDWARDS. I do not think that is necessary, Mr. Chairman. I will take the gentleman's word for it.

Mr. PATTON. I will comment very briefly on behalf of the National Society of Professional Engineers. In a legislative subject of this type, we have a standing legislative and government affairs committee which considers the matter. In effect, it is representative of its membership—its membership is representative of the four basic elements of our society—engineers in Government, engineers in industry, engineers in private practice, and engineers in education. They analyze the legislation and make a recommended position on it. This is sent out then to the four sections that I just mentioned for clearance, general concurrence, general agreement. This is the position now, not the precise statement. When the four groups approve or through a process of accommodation produce a modified position, then it is the job of the legislative committee to take appropriate action as is necessary in presenting this position. Given a lot of time, as we had in this particular case, we publicize it to our membership and we get a response from them. We know then, as we do in this case, that this represents a consensus.

If in the unique case—and there are these cases—time does not permit, then our legislative committee is authorized or empowered to proceed as necessary in order that the society's views may be represented.

Mr. EDWARDS. Thank you, Mr. Chairman.

Mr. BLATNIK. Thank you, gentlemen, very much.

We will resume our discussion and questioning of Mr. Phillip Hughes of the Bureau of the Budget and Mr. William Colman of the Advisory Commission on Intergovernmental Relations.

We were concluding the testimony of Mr. Bryant and we were just about to begin to get to the question and discussion period of Mr. Hughes and Mr. Colman on behalf of the committee. I think, Mr. Brown, you were questioning at that time.

Mr. BROWNS Mr. Hughes, just very directly, there are two points in the language of this legislation in title IV which concern me, and I draw my conclusion from those aspects of the language which were discussed with Secretary Weaver. They are these:

First, it seems to me that there may be a provision in this language which makes it possible for the executive branch of Government to set priorities and/or objectives in conflict with those which may be spelled out by Congress; and then it occurs to me that there are also implications in the language of the superiority of the decisions made by the Federal Government over agencies of local government in determining what objectives shall be met and what objectives shall be set, and how they shall be met, and I would like to have your comment on that.

If it was the objective of the Bureau of the Budget to establish a priority in Federal decisionmaking over local agencies of government, why? I would appreciate you advising me of that. If it was not, then I would appreciate some suggestion as to the way the language might be cleared up to take that into account. Similarly, if it was the objective of the language to establish the priority of an executive de-

cision over congressional viewpoints with regard to various programs. I would like to be advised of that; and if that was not the objective of the language, then how are we going to clean up the language to make sure that the congressional objectives are kept as we try to improve the administration of these various programs?

**FURTHER STATEMENT OF HON. PHILLIP S. HUGHES, DEPUTY
DIRECTOR, BUREAU OF THE BUDGET**

Mr. HUGHES. Let me try, Mr. Brown.

That, in some ways, is a rather large order, because the problems and the issues here are complex and they involve several levels of government.

First of all, I think it is quite clear—and if it is not clear enough, I see no problem in making it more clear—that the intent of title IV is not to supersede law that is already enacted. I think that intent is expressed in the language of lines 17 and 18, “and to the extent authorized by law, reasoned choices shall be made,” and so on.

The intent of title IV, as we regard it, is to attempt to improve and to better assure coordination, on the one hand, of the Federal executive branch effort pursuant to law, and, on the other hand, better inter-relationship, integration and coordination of that Federal executive effort with the efforts of other levels of government.

I can refer to specific portions of the title that I believe will make that clear. And again, if these portions do not make it clear enough, we would welcome amendments which would make it very clear. You will note in section 401 the President “may establish rules and regulations”—abbreviating somewhat—“for the provision of federally aided urban facilities and Federal projects having significant impact,” and so on. The authorization there is for regulations to coordinate Federal activities which affect urban and urbanizing communities.

Then section 401 attempts to specify the objectives which the President and Federal agencies shall have in mind when “reasoned choices,” to use the words of the act, are being made. And the objectives, I think, generally cover the whole range of possibilities. The problem here, I think, is the classic problem of deciding which of a range of national objectives, not necessarily all Federal, we wish to achieve in a particular set of circumstances.

In the District of Columbia, we are confronted with very difficult choices between the improvement of the highway system and the dislocation of particular portions of the District of Columbia community. Somebody, some combination of bodies, must reach decisions on these questions, and they are extremely difficult ones.

In another area, water resources projects, there is a tough choice between the preservation of a particular area in its natural state, of wilderness area, perhaps, and the development of the area for water resource purposes, the establishment of a dam, flooding out members of the community, and so on.

The intent of the section is to spell out some general tools and some criteria for making the choice. You will notice in section 401(b) that all viewpoints, national, regional, State, and local—shall, to the extent possible—be fully considered.

Then in 401(c), "To the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning," and so on.

I think those are the key portions of the phraseology. There are a couple of sections that haven't been referred to previously which are somewhat relevant, I think. Section 402, in effect, gives a priority to the standard units of local government as against special purpose; and 403, which has to do with regulation by the Bureau or such other agencies as may be designated by the President.

What I am trying to indicate is that while within the Federal area, the Federal agencies and the President must ultimately reach the Federal decision. The intent of the title is to require that decision to be made with full knowledge and, as 401(c) says, "to the maximum extent possible, consistent with" and furthering "the objectives of State, regional, and local" units.

Mr. BROWN. Mr. Hughes, let me just say that I find no fault with subsections (c) or (d) of section 401; nor do I find fault with section 402. I have a question about section 403, but it is a relatively minor question. I assume that if the Federal Government has responsibility in this area, it has to be handed down to some agency. But I am concerned about two or three things now. You suggest that the congressional priorities established will be observed, but in point of fact, what we are talking about here are areas where very little substantive legislation establishes one priority over another because the substantive legislation was enacted at specific times to meet certain specific subjects.

Mr. HUGHES. I think that is correct.

Mr. BROWN. What you are saying is where the law applies, we will observe it, but we are talking about an area where no law applies in most instances. I give you the schizophrenia with which the Congress has to face the problem from time to time of just these examples you gave, the development of water resources versus the maintenance of scenic attractions and natural resources. We have this in the Grand Canyon as to whether you build a dam or do not build a dam, and usually it winds up in an issue of national importance with articles in the Reader's Digest and beautiful brochures from the Sierra Club, and so forth, trying to develop a congressional position on this.

Now, what happens when the Federal Government comes in to coordinate or assist in coordinating its assistance to a local community which tries to coordinate its viewpoint and runs smack dab into the local community saying this is our priority, while the Federal Government says this is our priority.

Mr. HUGHES. I think any of several things may happen, Mr. Brown. Thing number one that might happen—and that we would hope would happen—is that the Federal Government and the community would confront one another and discuss their relative priority systems and reach an accommodation as between the two of them as to how the national priority can fit together with the local priorities in a fashion satisfactory to the local interests.

Mr. BROWN. Three cheers, I am all for that.

Mr. HUGHES. This title obviously encourages that type of activity.

Mr. BROWN. It looks forward and encourages, but if it does not occur, then what?

Mr. HUGHES. If it does not occur, it seems to me, again, any of several things may happen. The project may be of a nature which requires specific congressional authorization, or appropriation, and the Federal Government can pass judgment on that project as an individual piece of business.

If, on the other hand, the particular piece of business is one which is authorized and funded and one where the Executive is, at least in a technical sense, authorized to proceed with the project, the Federal Government could proceed, notwithstanding local objections. And it has obviously done this on occasions in the past.

On the other hand, the locality, supported by its Representatives in the Congress, and by the general sympathy of the Congress and/or the executive branch, may persuade either the executive branch or the Congress to stop doing the thing that, in the judgment of the executive agencies, it is in the national interest to do, pending further evaluation.

Mr. BROWN. Or, yet, the third possibility which Mr. Weaver suggested, that the Federal Government would go off and say it is our money and we are not going to give it to you unless you give in.

Mr. HUGHES. The Federal Government might say that, not necessarily in high dudgeon, but as a matter of reasoned judgment, that given the priorities—

Mr. BROWN. A reasoned choice?

Mr. HUGHES. Yes; that it makes a decision on a priority basis and consistent with the statutes that it ought to put its money somewhere else. I do not think that choice is inherently bad. I think it may be bad if it is done arbitrarily without due consideration of local views, and so on, but there are circumstances, and it seems to me justifiable ones, where the Federal Government and the locality just may not be able to get together.

Mr. BROWN. Precisely. And this is the point I would get to. This does not solve that problem. This legislation does not solve it.

Mr. HUGHES. I think that is right. I do not know that this is a soluble problem under the present state of our Constitution and laws and Federal system.

Mr. BROWN. Under our present method of providing Federal assistance to local communities?

Mr. HUGHES. I do not think it is necessarily soluble under any method. The Federal Government can disagree with the locality or the State in any situation and an impasse be reached.

Mr. BROWN. I would argue that it may be more soluble under a block grant approach and a little more soluble under the forgiveness or return of the Federal income taxes to the local community.

Mr. HUGHES. I think if there are elements of decisionmaking responsibility retained by both parties—and I would think under any block grant system that I can conceive of, the Federal Government would want to retain some option, some rights, some standards with respect to its funds—under any system where each party has decisions to make and responsibilities to carry out, an impasse could be reached.

Mr. BROWN. I note that housing and education are by specification not included in the objectives in this language, and I do not know whether that is just an oversight or whether they were specifically ignored.

Mr. HUGHES. I think, as you pointed out, Mr. Brown, paragraph 7 is something of a catch-all and includes anything.

Mr. BROWN. Well, if I can go back to what you said a few minutes ago, you said that practically all objectives were included, and if all objectives were included, I do not see any reasons for paragraph 7. If you ask me, paragraph 7 is the kitchen sink objective that carries, you know, everything from motherhood to flag in it. I am by nature, as an individual Member of Congress, jealous of the prerogatives of the Congress and fearful of writing language into the legislation that gives the executive branch of the Government an "anything else it wants to do" prerogative. And I think that is essentially what paragraph 7 does.

Mr. HUGHES. I think item 6 would include educational facilities. The first item also relates to planning for housing. But I agree with you, neither item is specifically mentioned.

Mr. BROWN. "Education" and "housing" were not left out for any particular reason, then?

Mr. HUGHES. No.

Mr. BROWN. Thank you.

Well, if I may summarize my concern, it is that the Congress, in its categorical approach to grants-in-aid, says that this program is important and we provide money under these circumstances. Then under another categorical grant-in-aid, it says this program is important and we provide money under these circumstances; but rarely are these two things related.

This legislation seems to give to the executive branch of Government the prerogative of relating the two and setting priorities between the categorical grant-in-aid programs, something that is to be done which seems to me should be retained as a congressional prerogative. I do not quite know how we can do that, but the other part of the issue is one which I think we can agree has not been resolved in here, at least from the standpoint of the purpose which you establish in writing the language. Now, I am going to look at the language again to see whether the language does wind up falling on one side or the other, Federal or local priority.

Just one other point, and that is section 403, where throughout the rest of this language we talk about urban needs and programs and objectives and so forth, and in section 403 it says:

Such rules and regulations shall take into consideration the basic divisions between areas that are primarily rural and those which are urban and metropolitan, as well as between agencies which have pertinent responsibilities in different areas.

I had the impression as I read this language that you were assuming that everybody now is urban and that this means that there is not any distinction, because in urban planning I know we frequently involve an awful lot of rural area. And that is perhaps as it should be, with the language in section 401(a)(1) as broad as it is. But then I notice that you are drawing distinctions between rural and urban, and I am a little lost on the significance of that.

Mr. HUGHES. Well, it is pretty clear, Mr. Brown, notwithstanding the intensity of some of our problems in urban areas, that there are lots of rural ones. And it seems to me that the fact that this particular title focuses on urban areas, should not suggest we believe there are rural problems. We do not intend to omit from consideration rural needs and rights and privileges, as well as urban, in the planning process and in the setting of priorities for the application of Federal programs to the solution of these problems.

Mr. BROWN. When you say State, regional and local, you almost of necessity are including rural in that?

Mr. HUGHES. Yes.

Mr. BROWN. It just has to.

Mr. HUGHES. Yes, that is correct, Mr. Brown.

On the priority point, I would like to make just two comments. One, with or without this particular piece of legislation, both the executive branch and the Congress are involved in priority setting, at least in the broad sense, through the appropriation process and the planning and justification that goes into that. This does not, generally speaking—although it does sometimes—get down to a locality by locality priority judgment, but it certainly does get to the making of choices as between public works of a reservoir-dam type and preservation, for instance.

Second, I think it would be very difficult, perhaps unwise, by statute to attempt to stipulate that certain kinds of Federal activities always take precedence over others—roads come first, or mass transit comes first—

Mr. BROWN. I would agree with you.

Mr. HUGHES. And this complicates the congressional problem in setting the priorities.

Mr. BROWN. Let me respond to you with this remark and it is not meant in any way unkindly, but I think the obvious thrust of Mr. Edwards' questions to the gentleman who preceded you was whether or not they were in fact representative of the associations which they purportedly represented or whether they were speaking for the top of that association, for the executive operation of that association, and the views had not been developed from the bottom up. It seems to me that the setting of national objectives has to take into account the establishment of community, State, and regional objectives.

In other words, they ought to be built up from the bottom rather than be established from the executive branch of Government down. And in the Congress, we have the agency for the establishment of national objectives and priorities. We are in that painful process right now, as I am sure you are aware. You are in that business through your recommendation to the President. But it is the Congress, ultimately, as the representative body and not the President, who is representative of nothing but one election four years ago, which brings all these pieces together and tries to establish those priorities. And you know this is what it has been about since we were founded.

I am concerned that the Executive not get in the business of establishing the national priorities without the proper jurisdiction of Congress being exercised; nor, again, that the executive branch of Government always be the final arbiter of what is best for the local community or individual.

Mr. HUGHES. Certainly, Mr. Brown, the need for a statutory base for Executive action is clear, and that is why we are here on this bill. The only other comment I would add is—the President, obviously, does not need defense, but he is the one individual in our system of Government who is elected every 4 years by all the people.

Mr. BROWN. The other unit of Government is the U.S. Congress that is elected by all the people, even though we are fragmented into 435 divergent viewpoints. And even the Presidential group seems fragmented sometimes about testimony in front of committees.

Mr. HUGHES. We try to prevent fragmentation as part of our responsibility in the Bureau, Mr. Brown.

Mr. BLATNIK. Mr. Colman, do you have any comments?

Mr. COLMAN. I do not think so, Mr. Chairman, except to say that the Commission's interpretation of title IV is precisely as set forth by Mr. Hughes.

Mr. BLATNIK. The subcommittee has received a statement by Congressman Henry B. Gonzalez, of Texas, on his bill, H.R. 624. Without objection, his statement will appear at this point in the record.

STATEMENT OF HON. HENRY B. GONZALEZ, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TEXAS, IN BEHALF OF HIS BILL, H.R. 624, THE INTERGOVERNMENTAL COORDINATION AND UNIFORM RELOCATION ACT

Mr. Chairman, I am very grateful for the opportunity to appear before this distinguished subcommittee in behalf of my bill, H.R. 624, the proposed Intergovernmental Coordination and Uniform Relocation Act.

I first introduced this legislation in July of 1966, to fill what I saw as a need for a practical combination of two complementary pieces of legislation which had been developing for years, both of which were passed by the Senate in that year. I combined the salient features of the intergovernmental cooperation legislation, which is designed to improve the administration and facilitate the review of Federal grants-in-aid by strengthening the cooperation and coordination of federally aided activities between the Federal, State, and local levels of government, with the uniform relocation legislation, which is designed to establish a uniform policy for the equitable payment and assistance of owners, tenants, and others displaced by the acquisition of real property or federally assisted programs. Neither of these legislative proposals have become law, and the necessity for intergovernmental coordination grows.

Incidentally, I have also introduced legislation in the 87th Congress and succeeding Congresses to improve intergovernmental relations by assisting States and localities to carry out continuous in-service training programs for their officers and employees. This legislation was not, of course, referred to your committee, but to Education and Labor.

There is undeniably a great need for effective administration of Federal grant-in-aid programs which assist State and local political bodies in meeting the crises of our cities on all fronts. This Federal aid should be flexible and pragmatic, going directly to State Governors for such traditional State prerogative as highways, going directly to regional bodies which might exist to abate air or water pollution, going directly to local districts for water and flood control, and possibly going as well to neighborhood development corporations which have a broad base of community democracy and concerted programs.

Our country today faces some of the most serious challenges to its institutions and values. These challenges originate largely from within, from the poor and the hungry, from the ghetto resident and the backwoods dweller, from the racial minorities and the antiwar demonstrators. Part of this ferment is probably attributable to impersonal forces in the postindustrial society of general affluence and leisure in which we live. What is clear is the folly of permitting the Federal bureaucracy to fossilize and administrative officials to retreat from the problems of the day. I suggest to you that the ability of our institutions to react to those challenges of change which are legitimate will determine the future strength of our democracy. This is abundantly clear not only for the United States, but for

most developed countries. John W. Gardner has aptly characterized our era as one of tension between "rising human aspirations and sluggish human institutions."

Thus, this legislation to streamline and facilitate intergovernmental coordination on urban solutions is vitally important today. It cannot be said that this legislation represents appeasement to the clamour of anarchists, for intergovernmental cooperation bills are the product of 7 years of dialog between private citizens and Federal, State, and local officials and representatives, has for 3 years received serious consideration in Congress, and only in recent years has become part of the "creative federalism" concept.

Probably the passage on an intergovernmental cooperation act by this subcommittee will not be even acknowledged by those who simplistically demand panaceas immediately. Perhaps, even the gratitude of the general public for the passage of such an important but unclamorous law will not be forthcoming as it should for you, its drafters. But I am certain that you will take great personal satisfaction in having enabled men of good will to better our society. I urge prompt approval of a full-fledged intergovernmental cooperation bill. Thank you.

Mr. BLATNIK. We include in the record at this point a statement submitted by our colleague, Hon. Spark M. Matsunaga, of Hawaii, on H.R. 8969, the Comprehensive Planning and Coordination Act of 1967, which is related to the measures now under consideration.

(The statement follows:)

PREPARED STATEMENT OF HON. SPARK M. MATSUNAGA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII, ON H.R. 8969, THE COMPREHENSIVE PLANNING AND COORDINATION ACT OF 1967

Mr. Chairman and members of the subcommittee, I thank you for this opportunity of expressing my views with respect to my bill, H.R. 8969, the Comprehensive Planning and Coordination Act of 1967. Senator Hugh Scott of Pennsylvania, is the original author of this legislation, and H.R. 8969 is identical with his bill, S. 799.

I introduced H.R. 8969 for two basic reasons: First, because comprehensive planning and coordination is an area of longstanding interest and concern on the part of the government of Hawaii, both as a territory and as a State; and, secondly, because I believe that national legislation in this field is now necessary to cut across the whole spectrum of public activity—physical, economic, and social—at the several levels of government.

Comprehensive planning and coordination at the national level would help the States and multijurisdictional groups of local government establish appropriate machinery to coordinate their resource development programs. Hawaii, fortunately, has had a considerable headstart in this field over other States. In fact, central planning was started as early as 1937 in Hawaii. Hawaii was also the first to adopt a State general plan and the only State zoning law. H.R. 8969 would bring the benefits of comprehensive planning and coordination to all States.

H.R. 8969 views comprehensive planning as essentially an executive function, and seeks to strengthen the ability of Governors and local elected officials to coordinate the development activities of their respective units of government. Most of these activities are supported in part by Federal grants-in-aid. The bill would change significantly the functions of the Office of Emergency Planning so that it, under a new name, the Office of Comprehensive Development and Emergency Planning, would administer the act.

The underlying purpose of the measure is to provide a framework of goals, policies, and standards within which planning for various governmental functions, such as land and facilities development, medical, welfare, and educational services, can be directed and coordinated. However, H.R. 8969 may be distinguished from current programs being administered by the Department of Housing and Urban Development in that it does not provide support for functional planning. The proposed legislation covers all areas, urban and rural, and it also covers economic and human resource planning as well as physical planning.

Regular Federal financial assistance, on a matching basis, would be provided to comprehensive planning, programing, and coordinating agencies of State

governments, regional groupings which the bill calls development districts, and metropolitan areas. A development district is defined as "any multijurisdictional area, including interstate areas, established under State laws, or in the absence of such laws, under a plan approved by the Governor of the State or States, comprising more than one unit of general local government, which area has common or related problems of development requiring cooperative, comprehensive planning and concerted action for the effective solution of such development problems."

The grant allocation formula in H.R. 8969 would insure continuity to comprehensive development planning by providing an assured annual basis of support to States and regions. This would eliminate the start-stop quality of State and local comprehensive planning which has proved most disruptive of effective coordination.

The legislation carries an authorization of \$50 million for the first fiscal year after its enactment, and \$75 million for each of the 2 ensuing fiscal years.

Mr. Chairman and members of the subcommittee, the State of Hawaii recognizes the value of intergovernmental coordination and supports this legislation wholeheartedly. The Honorable John A. Burns, Governor of Hawaii and former delegate to Congress, supports my bill and has submitted a statement indicating such support. I ask that his statement appear in the hearing record following my statement. The State government publications mentioned by Governor Burns are also submitted for appropriate consideration by the subcommittee. In view of the length of each of these two publications, your subcommittee may choose to make them available for reference and omit their publication in the record of these hearings.

In closing, I urge your favorable consideration of H.R. 8969.

Thank you very much.

PREPARED STATEMENT OF HON. JOHN A. BURNS, GOVERNOR, STATE OF HAWAII, ON
THE COMPREHENSIVE PLANNING AND COORDINATION ACT OF 1967 (H.R. 8969)

In a letter of March 30, 1967 to Senator Hugh Scott, I indicated full support for S. 799 as being in the best interest of the Nation as well as the people of this State. Since that time, we here in Hawaii have gone beyond expressions of support for such an act. Our Department of Planning and Economic Development has formally pledged and committed itself to the adoption and implementation of the many fine features of the Comprehensive Planning and Coordination Act of 1967. In a sense, we have forged ahead of congressional legislation in this area by putting our State planning efforts on a comprehensive level.

Attached herewith are copies of "Prospectus for a Comprehensive Planning Process for the State of Hawaii" and "Elements of the State Planning Process," prepared very recently by our Department of Planning and Economic Development.¹ I would especially call your attention to the preface of the first volume written by Dr. Shelley M. Mark, director of the department, in which he states, "Finally, our reports recommend a comprehensive planning program, including a mechanism which pulls together the various activities of government in order to obtain a sense of 'where the State is going and how it will get there.' And this, of course, is what State planning essentially is all about."

Included in the prospectus is a section titled "A Recommendation for a Comprehensive Planning Program." While the many details of such a program have yet to be formulated, the Prospectus presents a clear commitment by the State for the establishment of a continuing comprehensive planning program. This takes our efforts out of the realm of "what we hope to do" and into the real realm of "what we are now doing" in the area of comprehensive planning.

At the recent meeting of the Western Governors' Conference in Honolulu, Gov. Jack Campbell, Chairman of the Institute on State Programing for the Seventies, presented a cogent analysis of problems of State planning and made reference to Hawaii's progress in this area. Governor Campbell said:

"No State, to my knowledge, is doing more to use modern tools for resource management than Hawaii. And it cannot be said that this is due to the late arrival of Hawaii as a State. Central planning, mostly physically oriented, started in the territory in 1937. Land-use planning has been based upon a 20-year projection in four 5-year segments. Planning, in recent years, has

¹ Retained in subcommittee files.

been extended to include social and human needs as well as physical requirements. There is local planning assistance, there is a 6-year capital improvements program, there are statewide land-use requirements, there is a research arm to coordinate research activities of State agencies, and furnish data and statistics, there is a planning, programing and budgeting system, there is a data bank, there is an economic model of the State."

Thus, as a matter of record, Hawaii has already initiated positive steps toward the implementation of provisions of the Comprehensive Planning and Coordination Act of 1967 and fully endorses favorable congressional action on the act.

Mr. BLATNIK. There being no further questions and no further witnesses, the public hearings on the bills pertaining to intergovernmental cooperation are concluded, and the hearings for today are adjourned.

(Whereupon, at 12:45 p.m., the hearings were adjourned.)

APPENDIX

LETTERS AND STATEMENTS RECEIVED FOR THE RECORD

CITY OF MINNEAPOLIS, April 3, 1968.

HON. JOHN BLATNIK,
*Chairman, Subcommittee on Executive and Legislative Reorganization, House
of Representatives, Washington, D.C.*

DEAR JOHN: It is my understanding that your House Subcommittee on Executive and Legislative Reorganization will soon consider a version of the Intergovernmental Cooperation Act which has been fully endorsed by the administration and sponsored by the Advisory Commission on Intergovernmental Relations, of which I am a member. I strongly urge that hearings be held on this and companion legislation at the earliest possible date.

As you probably know, the National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, and the National Governors' Conference have endorsed the specific provisions in each of the measure's four substantive titles. While not a major piece of legislation, the bill does constitute a meaningful first step in clearing up some of the difficulties that have hindered effective intergovernmental relations.

Title II would simplify and make more flexible regulations concerning the distribution of grants to the various States.

Title III authorizes Federal departments and agencies to render technical and specialized services to State and local governments on a reimbursable basis, but with adequate protection for private enterprise.

Title IV would stipulate a coordinated intergovernmental policy for the administration of urban development programs; it also upgrades the eligibility status of general units of local government—in contrast to special districts and authorities—with respect to Federal grant programs.

Finally, title V prescribes a uniform policy and procedure for urban land transactions and use undertaken by the General Services Administration, by requiring consistency of that agency's policies with local zoning regulations and development goals.

For these and many other reasons, I hope the subcommittee will move to hearings in the very near future and take favorable action on this measure. Little has been done in this Congress to upgrade the procedures and correct the management problems associated with grant-in-aid administration. This measure provides a vehicle with which to get underway.

Best wishes.

Sincerely yours,

ARTHUR NAFTALIN, *Mayor.*

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D.C., June 17, 1968.

HON. JOHN A. BLATNIK,
Chairman, Subcommittee on Executive and Legislative Reorganization, Committee on Government Operations, House of Representatives, Washington, D.C.

DEAR MR. BLATNIK: On March 8, 1966, Prof. Edwin J. B. Lewis, of George Washington University, testified before your subcommittee on behalf of the Chamber of Commerce of the United States with respect to S. 561 and H.R. 6118.

The national chamber's testimony was based on its interest in better management of Federal grant-in-aid programs. Such programs will involve expenditures of approximately \$18 billion in the current fiscal year and are estimated at \$20 billion for fiscal year 1969. Grants-in-aid provide about 17 percent of State and local government general revenues. Hence they are an extremely important area of intergovernmental concern which should be monitored closely by the Congress.

H.R. 16718 now under consideration by your subcommittee omits two important titles included in S. 698, a bill now being considered by the Senate Government Operations Committee.

The first of these, title V, provides for three levels of review of grant-in-aid programs independent of the executive branch:

First, studies by the Comptroller General of the United States of presently existing and all future grant-in-aid assistance from the Federal Government to the States and their political subdivisions concerning (1) the extent to which programs conflict and duplication can be eliminated and (2) the methods of achieving more effective, efficient, and uniform administration by changing specific requirements and procedures.

Second, studies by the bipartisan Advisory Commission on Intergovernmental Relations on the intergovernmental aspects of grant-in-aid programs, with special reference to their impact on Federal-State-local fiscal relations and to the coordination of Federal administration of these programs with State and local administration.

Third, mandatory periodic review by the Congress of grant-in-aid programs.

Provisions similar to these were contained in H.R. 6118 and the chamber strongly supported this feature in our testimony before your subcommittee on March 8, 1966. We hold to the view that such review is necessary if the Congress is to discharge fully its oversight responsibilities.

Only slightly less important is the omission from H.R. 16718 of a provision similar to title VI of S. 698. This title provides that the President shall examine the various programs of grants-in-aid and shall determine what consolidations are necessary or desirable—

1. To provide the better execution and efficient management of individual grant programs within the same fundamental area;
2. To provide better cooperation among individual grant programs within the same fundamental area; and
3. To promote more efficient planning and use by the recipients of grants under programs within the same fundamental area.

This title of S. 698 also provides for congressional approval or disapproval of such Presidential recommendations as may be made. The national chamber fully supports this proposal.

We strongly urge the inclusion of a provision for periodic congressional review of grants-in-aid and for Presidential authority to recommend consolidation of grant programs in any legislation your subcommittee reports.

Cordially,

DON A. GOODALL,
General Manager, Legislative Action.

DULUTH CHAMBER OF COMMERCE,
Duluth, Minn., June 28, 1968.

Congressman JOHN BLATNIK,
House Office Building,
Washington, D.C.

CONGRESSMAN BLATNIK: We understand that your House Subcommittee on Executive and Legislative Reorganization will soon report on the Intergovernmental Cooperation Act, bill H.R. 16718.

I am enclosing fact sheet 401 which concisely outlines the national chamber's position on this legislation.

The Duluth National Affairs Committee agrees that it is important to include the two procedures contended in Senate legislation (S. 698) providing for periodic and independent studies of Federal grant-in-aid spending as well as Presidential and congressional review.

I am sure that this matter will have your most careful attention and we would appreciate your views including an indication as to how your committee will report this bill and how you intend to vote.

Sincerely,

ROBERT C. JACKSON,
Chairman, National Affairs Committee.

**FACT SHEET FOR MEMBERS OF CONGRESSIONAL ACTION COMMITTEES WHO HAVE
ACCEPTED SPECIAL RESPONSIBILITIES FOR LEGISLATIVE PROPOSALS RELATING TO
FEDERAL-STATE-LOCAL RELATIONS, MARCH 17, 1967**

Subject: Intergovernmental Cooperation Act.

Key bill: S. 698 sponsored by Congressman Muskie (D-Me.).

Referred to: Senate Government Operations Committee.

PRINCIPAL PROVISIONS

Most of the provisions of this bill were in a similar bill passed by the Senate on August 5, 1966, but not acted upon in the House of Representatives. They are, mainly, recommendations of the Advisory Commission on Intergovernmental Relations and are designed to improve the administration and operation of Federal grant-in-aid programs which now number over 220 and are estimated at \$17.4 billion in fiscal year 1968. The more important provisions cover:

Improved administration of grant-in-aid funds by permitting States to deposit such funds in regular bank accounts and by scheduling transfers of funds to coordinate with State expenditures and to save Federal interest costs.

Permission for Federal departments and agencies to provide special or technical services to State and local units of government on a reimbursable basis, with limitations to prevent unwarranted government competition with private enterprise.

Requirement for periodic congressional review of future grant-in-aid programs at intervals not exceeding 5 years, with automatic termination of programs unless specifically reauthorized.

Presidential authority to submit to Congress plans for consolidation of individual categorical grants within broad functional areas, subject to disapproval by either House within 90 days.

Business community viewpoint as expressed in policy declarations adopted by members of the Chamber of Commerce of the United States:

In the interest of economy and efficiency in all levels of government, the national chamber supports these provisions.

Recognized experts in Federal-State relations say the large number of new grant programs recently enacted has created an almost chaotic problem in administration, as well as confusion at the State and local level. For example, there are 50 different programs to aid general education; 37 programs for vocational and job training; 35 programs involved in housing; more than 20 programs involving transportation; 27 programs for utilities and related services; 62 programs for community facilities; 32 programs for land use; and 28 programs for recreational and cultural facilities.

STATEMENT OF WILLIAM L. RAFSKY, PRESIDENT, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS ON THE INTERGOVERNMENTAL COOPERATION ACT OF 1968 (H.R. 16718, H.R. 5523, AND RELATED BILLS)

Mr. Chairman and members of the subcommittee, I am William L. Rafsky, executive vice president, Old Philadelphia Development Corp. and president of the National Association of Housing Redevelopment Officials. It is a privilege to present this statement for the members of NAHRO who are, as you know, the administrators of the programs in which the subcommittee has particular interest—the agencies and individuals responsible for executing the Nation's low-income housing, renewal and housing codes programs. Our association has been in existence for 35 years; it currently represents about 6,000 local, State, and Federal officials in some 2,500 localities.

Mr. Chairman, NAHRO is pleased to have the opportunity to present its views on H.R. 16718, H.R. 5523, and related bills (the Intergovernmental Cooperation Act of 1968) and on H.R. 12631, the Joint Funding Simplification Act of 1968. We recognize that the some 15 related bills pending before the subcommittee contain differences in coverage and content.

We will organize our comments with reference to the three bills noted, in order to simplify the title and section references. NAHRO is in general support of the intergovernmental cooperation measures pending before you. We intend to give more detailed comment on some of the provisions, in particular on title VIII, the

uniform relocation amendment, and title IX, uniform land acquisition of H.R. 5523, which we hope will be included in the bill reported by the subcommittee.

At the same time, because this is the first opportunity which NAHRO has had to testify personally before this subcommittee in some time, I would like to bring attention to a concern which our association raised recently before the Subcommittee on Housing. This is the issue of local responsibility and initiative in carrying out federally assisted programs and the need to strengthen the capacity of all local agencies to undertake effectively the important urban functions which are their true responsibility. We believe that it is an integral part of the intergovernmental relations question to recognize fully the local role in Federal assistance programs. In this connection, I would like to file for the record a copy of the recent remarks which I made on this subject before the Subcommittee on Housing on March 19. We hope that we will have a further opportunity to present our views on this question to the subcommittee.

Now, I would like to present some general views on the titles contained in the bills pending before you.

TITLES I-V OF H.R. 16718

First, let me say that while most of the provisions of this act relate to intergovernmental relations between the Federal Government, States, and localities, there is need to recognize the growing relationships between State governments, particularly in concentrated urban areas. This trend is recognized in section 401(b) of H.R. 16718, but we would hope that the subcommittee might consider the interstate relationship in response to other titles of H.R. 16718 in order to facilitate the effective use of Federal assistance. A leadership role in this area by the Federal Government could do much to prevent potential cooperation becoming bogged down in constitutional difficulties by encouraging flexible action by metropolitan entities.

H.R. 16718—Improved administration of grants-in-aid to States, title II.—NAHRO is in general support of title II, because it recognizes the important role of the State governments in the area of urban assistance and we hope to work cooperatively in a more intensive manner with State governments in terms of developing the State-local relationships which are essential to the effective use of all grant-in-aid programs.

H.R. 16718—Special or technical services to State and local units of government, title III.—NAHRO also strongly supports title III which would permit Federal departments to provide technical assistance to State and local units of government. Certainly we recognize that the specialized and technical capacities of Federal agencies are an important asset to State and local governments in carrying out assistance programs; we welcome such assistance. At the same time, we hope that it will be fully recognized that appropriate assistance must be provided to enable State and local agencies to extend and expand their own technical and specialized competence.

H.R. 16718—Coordinated intergovernmental policy and administration, title IV.—Our association is in support of the objectives of title IV which provide that important urban development programs, including those programs most related to urban growth (such as open space land, hospitals, libraries, airports, water and sewer facilities, land conservation, and other important public works) will be effectively related to local programs and comprehensive urban planning. This title is complementary to the planning assistance programs currently before the Congress and in H.R. 17651, the proposed Housing and Urban Development Act of 1968. The provisions under title VI of H.R. 17651 provide for extending planning assistance into urbanized districts. Certainly, both of these are important steps toward a correction of urban sprawl and toward the development of well-balanced communities in total metropolitan settings.

H.R. 16718—Acquisition, use, and disposition of land within urban areas, title V.—NAHRO supports this title which would provide for giving reasonable notice to general local governments of the Federal Government's intent to acquire, use or dispose of land. There have been instances in the past where the failure to work cooperatively in such matters has perpetuated land uses inconsistent with local efforts to carry out comprehensive planning. This title is an important tool to prevent such occurrences.

Titles V, VI, VIII and IX of H.R. 5523

Title V—H.R. 5523—Congressional review of Federal grants-in-aid.—NAHRO supports the concept that there should be a systematic review of federally assisted

programs by the Congress, with the view of updating these grant-in-aid programs, eliminating duplication and making them more effective. At the same time, we would like to make one specific suggestion. Under section 503, we suggest that in the studies of grant-in-aid programs, conducted by the substantive committees in the Senate and the House, specific indication be given in the statute that these studies will include consultation with and recommendations by State and local agencies which are the recipients of this assistance.

CONSOLIDATION OF GRANT-IN-AID PROGRAMS

Title VI of H.R. 5523 and H.R. 12631 (the Joint Funding and Simplification Act) both address themselves to the important question of how the present extensive number of grant-in-aid programs can be consolidated and better administered. We recognize the need and applaud this objective. In approaching this question, we recognize that the Department of Housing and Urban Development already has important powers, under the direction of the President, to coordinate Federal activities affecting housing and urban development. We see the present bills before the subcommittee as further extending these powers, under the President's direction. We also recognize that there will be a period of adjustment to any new administrative arrangement at Federal, State, and local levels. In fact, we see H.R. 12631 as an important bill in that it would provide an interim method to move into better coordination, without the necessity to jump to the full consolidation of grant-in-aid programs which is indicated in title VI. At the same time, we would support the title VI provision to accommodate those programs and areas which are ready to move to a full consolidation. We would suggest a possible alteration in language in connection with section 602(a) (1)—it may be too restrictive to expect that all consolidation can take place in a single agency. It may be appropriate and necessary in some instances to recognize that joint administration by more than one agency is the best administrative solution. The subcommittee may wish to consider some easing of this requirement.

As we approve the efforts at the Federal level to provide for a more coordinated approach to the administration of federally assisted programs, we recognize that there is a complementary development in the coordination of urban development programs at the local level. While the association is not prepared at this time to spell out in full how we see the intermeshing of consolidated grant programs at the Federal and State levels with the administration at the local level, it is our intention to use the instrument of the proposed Intergovernmental Cooperation Act as a basis to explore this relationship. It is our hope that this can be accomplished within the basic understanding that the responsibility and initiative for these programs reside at the local level.

Title VIII of H.R. 5523, uniform relocation assistance.—NAHRO reaffirms its strong support for uniform relocation assistance and the objectives of title VIII of this bill. We make this statement based on the direct experience of the local relocation personnel who are members of our association and charged with the day-to-day operation of relocation assistance programs covering urban renewal, public housing and housing codes enforcement, as well as the growing number of centralized local relocation operations covering all public displacement activity. Their experience clearly indicates a strong need to make uniform payments and assistance available for all public displacement. Daily, they encounter situations of unequal treatment because families are displaced by different public programs and receive different levels of assistance. It is difficult to explain to a displaced family why it must receive fewer benefits because the public program causing the displacement is different. We commend the sponsors of those bills which contain this title.

As one area where there is a wide variation in relocation assistance, we would like to cite the experience to date under the Federal Highway Act of 1962. Only some 20 States have adopted legislation authorizing payments for Federal-aid highway displacement, under the provisions of this act, and a number of these do not authorize the maximum benefits permissible. The act itself provides relocation assistance other than moving payments, only for families, not for either individuals or businesses. When it is realized that about one-fourth of public displacement is from streets and highways, you can see how far we are from an equitable relocation system.

We are at a new stage in the evolution of experience about the impact and approach to relocation—because of the leadership role in the urban renewal pro-

gram since 1949. NAHRO is in the process of studying and evaluating this experience, with the view of presenting detailed recommendations to the Congress and to the administration on changes and adjustments which should be made in relocation policy and administration to meet relocation needs as we see them at the local level. In our study effort, we will shortly complete a 4-year study aimed at estimating the impact of relocation on the elderly, in cooperation with the University of Pennsylvania. We will also shortly complete two additional studies—one on the 10-year relocation experience in New Haven, Conn., and another, a survey of current centralized relocation operations in 11 cities. A full listing of these study reports is attached to our testimony and we request that it be included in the record. In addition to our study effort, we convened a workshop of relocation practitioners from throughout the Nation in Washington on May 16-17, 1968, to provide an opportunity to assemble their cumulative advice and counsel on the present status of relocation practice and ways to improve it.

Our evaluations to date have already indicated some legislative suggestions and they are incorporated in our specific recommendations below.

In addition, we have been asked to give our views on its proposal by the Bureau of the Budget that relocation costs be shared on a matching formula between Federal and local and State agencies. We do not favor this matching of relocation costs; our reasons are detailed in the accompanying exhibit 5, which we ask be filed for the record.

Here are our specific recommendations on title VIII of H.R. 5523.

Assistance for home purchase.—(Section 802(c)(3) and 807(a)(2) of H.R. 5523), propose a \$300 payment to a displaced person who purchases a home within 1 year after displacement. NAHRO suggests a flat payment to supplement the down-payment of a displaced homeowner up to the point necessary to enable him to purchase a suitable home within 20 percent of his income. For displacees who are not homeowners but who wish to be, NAHRO recommends that they be given special priority for the proposed new low-income home ownership program in the Housing and Urban Development Act of 1968—a new section 235 program under the Federal Housing Administration.

Relocation adjustment payments and rehousing assistance.—(Section 802(e) and 807(a)(2) of H.R. 5523) we do not favor the continuation of the relocation adjustment payment (RAP) as it is currently constituted under the Housing Act, or as it is contained under title VIII of this pending bill. Nor, do we believe that the dislocation allowance up to \$100, as provided under section 802(c)(2) is adequate. Our experience with the RAP in practice is that it is administratively cumbersome and that it is inequitable. As an indication of the experience with RAP payment, we would like to file for the record an article from the "Journal of Housing" (JOH No. 10, 1967). As a substitute, the association proposed: (a) establishment of a flat displacement payment based on household size as follows: one person, \$200; two to four persons, \$300; five to six persons, \$400; and seven or more persons, \$500. This flat displacement payment would go to all households displaced by public action and compensate for necessary costs involved in adjusting to a new location; (b) expansion and additional flexibility in the section 23 public housing leasing program. This would involve not only sufficient authorization in section 23 to cover relocation housing needs but also additional flexibility in making local agencies eligible to receive Federal assistance under the section 23 leasing program. It would extend the eligibility now given directly to a local housing authority to include any other agencies designated by the governing body of the local community; (c) a special priority for the housing assistance programs of the Federal Government for all displaced households, including rehabilitation loan and grant programs.

Moving payments.—(Sections 802(c)(1) and 807(a)(2)) a proposed \$200 maximum moving payment for displaced persons is reported as adequate in most instances at the present time. However, there are individual hardship circumstances where moving costs for a displaced household are over this figure. NAHRO recommends that the law be made more flexible by providing that in the case of a hardship situation, documented by the local agency, a moving payment could be made in excess of \$200, subject to review of the Federal agency.

Compensation for property loss.—(Not provided under H.R. 5523.) Compensation for property loss for displaced households should be provided. It is currently provided under section 114 of the Housing Act of 1949 but not under H.R. 5523.

It is recommended that compensation for property loss be separate from the moving payment and that it be up to \$200 for any documented property loss.

Business displacement.—(Sections 802(b), 805(a), 807(a)(b).) (1) For all displaced businesses that relocate: (a) payment of full and documented moving expenses; (b) payment for documented direct loss of property, up to \$5,000; and (c) a flat displacement payment equal to the average net annual earnings of the displaced business, or \$5,000, whichever is lesser. (2) An optional fixed payment for displaced businesses that relocate: as an option to the provisions of 1, a total fixed payment equal to the average net annual earnings of the business, or \$7,500, whichever is lesser. (3) For businesses that go out of business: a going-out-of-business payment, when closing is a result of displacement, equal to the average net annual earnings for a 2-year period, or \$10,000, whichever is lesser.

Congressional intent and flexibility in relocation program administration.—In the May 16–17 relocation workshop called by NAHRO, the local relocation directors present continuously came back to questions about the spirit and intent under which relocation assistance payments are administered. They reported that their local experience indicated that, because of the detailed requirements in the existing Federal law, auditing by Federal agencies of local relocation practice often is overdetalled and negative. NAHRO recommends that the subcommittee consider the revision of H.R. 5523, to eliminate detailed provisions that can be handled through administration, with more flexibility, and the inclusion of the following points in its report. (1) That the intent and spirit of title VII, uniform relocation, is to make the statutory assistance available to displaced households or businesses with the least cumbersome administration; (2) that it is the intent of the Congress that displaced businesses and households receive assistance and that the emphasis should be on qualifying (not disqualifying) eligible recipients; (3) that the local administration of relocation assistance be flexible in terms of providing assistance in the survey and planning period of public development activities as well as making payments in advance of actual moving, if necessary to meet hardship situations; (4) that the auditing of relocation practice be made in the spirit of 1, 2, and 3 above.

Title IX.—NAHRO strongly supports a uniform land acquisition policy for all Federal and federally aided programs. We are in general accord with the provisions of this title. As in the case of relocation, however, we believe there is a need for a complete review of land acquisition experience under federally aided programs and in particular, the administrative regulations based on the statutory requirements. During the last month, our association has made a specific recommendation to the Secretary of Housing and Urban Development relative to the payment for properties taken from low-income families for urban renewal and public housing. We have recommended that when properties owned by homeowners and small businessmen are acquired for urban renewal or public housing, that the top appraisal figure, of the two independently made appraisals required, be given automatically. In many local instances, such a practice is already followed and NAHRO believes it is only equitable that such a practice be extended to cover all such displacement. Since there is some question as to the authority of the Secretary to issue such an administrative regulation, we request that consideration be given to adding such a provision to either title VIII or title IX of H.R. 5523, or indicating approval for such an administrative determination, in the committee report.

We would also suggest that the subcommittee consider the feasibility of applying nationally a procedure recently adopted by the Maryland Legislature which provides for payment of additional compensation, above fair market value, for certain owner-occupants of properties acquired by eminent domain. We are attaching to our testimony a copy of this act of the State of Maryland.

Section 904 of HR 5523—provides for reimbursement of settlement costs on federally acquired property, but not property acquired with Federal assistance. This same section should apply to properties acquired with Federal assistance.

As in the case of our detailed recommendations on title VIII (uniform relocation), we hope that these recommendations on title IX (uniform land acquisition), will not be interpreted as detracting from the central goal of achieving uniform policies and procedures in these areas, a goal which we strongly support.

NAHRO appreciates the opportunity to present our views to the subcommittee.

EXHIBIT 1—NAHRO TESTIMONY OF JUNE 13, 1968 (H.R. 16718, H.R. 5523, H.R. 12631 AND RELATED BILLS).

LOCAL INITIATIVE, RESPONSIBILITY

(NAHRO Testimony Before the Subcommittee on Housing of the House of Representatives, March 19, 1968)

NAHRO sees the need for a new concept and mechanism that will make local initiative and responsibility truly possible, and asks for joint deliberations by the Association, the Department of Housing and Urban Development, and the Congress to develop such a new approach. In the meantime, it specifically requests the Congress to reaffirm the principle of local initiative and responsibility.

My full statement is perhaps the most detailed public response NAHRO has ever made to a housing and urban development bill. We are firmly in support of the proposed Housing and Urban Development Act of 1968.

Yet, at the specific direction of the NAHRO Board of Governors, which met in Washington just 2 weeks ago, I must express to you our belief that none of this promising activity can be effectively moved forward unless there is a new understanding about the placing of initiative and responsibility at the local level. Over the past year, the members of our association have been increasingly concerned about the number of important national policies and procedures relating to our programs that have been issued without prior opportunity for local officials to make suggestions and comments. These omissions have covered a wide range of issues, including the urban goals policy; property management and land negotiation procedures in the urban renewal program; and the site selection, tenant assignment, and priority production procedures in the public housing program.

This matter is of such serious concern that our program policy resolution for 1967-69, adopted by the full membership of our association last October, expressed " * * * dismay and frustration * * * over the fact that a full measure of responsibility is not vested in local agencies * * *" and suggested that a first order of business for HUD should be " * * * the granting to local communities of a full measure of initiative and responsibility, in accordance with the declaration of purpose of the Housing Act of 1959."

NAHRO recognizes that there are important, critical matters related to national policy that are the proper concern of the Department of Housing and Urban Development at the Federal level. But the full impact of national policy decisions can only be measured accurately at the local level. The difficulty concerns no individuals or officials at either the Federal or local level—the fault lies in the present method under which national and local goals are established, and the inadequate mechanism that we now use to join them in a common program effort. The present system of detailed Federal reviews of local operations breeds delays and frustrations. We need a new concept and a new mechanism that will make local initiative and responsibility truly possible, while recognizing the proper interest of Federal Government in program goals and the allocation of national resources.

Mr. Chairman, NAHRO realizes that it has an important responsibility in making recommendations that will help to establish the new concept and mechanism for the Federal-local relationship. We are presently preparing a report that defines more fully our concept of local housing and urban development goals and a balanced local community development program. We hope we will have an opportunity to present this report to the Congress, as well as to undertake intensive discussions with the Department of Housing and Urban Development. In the meantime, we specifically request that the subcommittee include in its report a reaffirmation of the principle of local initiative and responsibility.

EXHIBIT 2—NAHRO TESTIMONY OF JUNE 13, 1968 (H.R. 16718, H.R. 5523, H.R. 12631, AND RELATED BILLS)

NAHRO STUDIES ON RELOCATION: 1964-68

I. The University of Pennsylvania in cooperation with NAHRO (1964-68 Relocation of Elderly Persons Demonstrations and Research under a Grant from the Ford Foundation).

(a) Essays on the Problems Faced in the Relocation of Elderly Persons, NAHRO and the Institute for Urban Studies, University of Pennsylvania, 137 pages, June 1963, second edition, January 1964.

(b) The Elderly in Older Urban Areas, Problems of Adaptation and the Effects of Relocation, by Paul L. Niebanck with the assistance of John B. Pope, Institute for Environment Studies, University of Pennsylvania, 174 pages, 1965.

(c) Reports on Local Demonstrations.

1. Relocating the Dispossessed Elderly—A Study of Mexican-Americans (San Antonio, Tex.) by Julie M. Reich, Michael A. Stegman, and Nancy W. Stegman, 136 pages, February 1966.

2. Preparing the Elderly for Relocation, A Study of Isolated Person (San Francisco, Calif.) by Wallace F. Smith, 104 pages, September 1966.

3. The Social Functioning of the Dislodged Elderly, A Study of Post-Relocation Assistance by David Joyce, Robert R. Mayer, and Mary K. Nenno, 89 pages, December 1966, Providence, R.I.

4. Operation Janus, Serving the Elderly in the Process of Relocation (New York City), 1968 (in final stage of publication).

(d) Relocation: From Obstacle to Opportunity in Urban Planning, University of Pennsylvania Press, 150 pages, July 1968.

II. NAHRO Studies Under a Section 314(b) Grant from the Department of Housing and Urban Development (1967-68).

1. Relocation Becomes a Program in New Haven, A History and Analysis of Relocation Experience from 1956-67, by Alvin A. Mermin (in final review stage).

2. The Moving Picture: A Survey of Centralized Municipal Relocation Services, by Robert P. Groberg (in final review stage).

EXHIBIT 3—NAHRO TESTIMONY OF JUNE 13, 1968 (H.R. 16718, H.R. 5523, AND H.R. 12631, AND RELATED BILLS)

RELOCATION ADJUSTMENT PAYMENTS—A CASE-STUDY OF WHY LOCAL OPERATING EXPERIENCE IS NEEDED IN DRAFTING LEGISLATION AND FORMULATING REGULATIONS

(By Emanuel Gorland, Director, Office of Community Improvement, Department of Urban Renewal and Lincoln Park Housing Commission, Lincoln Park, Mich.)

(By taking a particular piece of legislation—in this case section 114(c)(2) of the Housing Act of 1949 as amended—Mr. Gorland shows how the intent of a law can be thwarted when the law is drafted and implemented by persons who are often unfamiliar with the problems of the local public agencies that must administer it.)

A relocated site occupant, whom we shall call Mrs. Smith, recently visited the Office of Community Improvement to find out when she would be receiving her \$500 relocation payment. Upon checking her case records, we advised that nothing further was due and that all eligible moving expenses had been paid. She then complained that a former neighbor couple (we will call them the Browns) received, in addition to moving expenses, a check for \$500.

We tried to explain to Mrs. Smith that, because the Browns were now primarily supported by social security, while her husband was still employed, and, because of the difference in their respective incomes, the Browns were entitled to the relocation adjustment payment but she was not. Mrs. Smith protested, however, that the Browns were far better off financially than she and her husband. The Browns had money in the bank, lived well, and had previously owned their home free and clear. Furthermore, when the city purchased their home, they bought a better one, also free and clear of any mortgage. "On the other hand," protested Mrs. Smith, "we were never able to afford even the downpayment on a home. If the purpose of the relocation adjustment payment was to help meet the monthly payments for decent housing, we need it a lot more. The Browns have practically nothing to pay each month, yet they received a large cash amount and we get nothing. It's not fair."

We feebly explained that we were only administering the laws and regulations as they were written. This was not our first complaint concerning relocation adjustment payments. And administrators and relocation personnel in many other communities report similar problems.

THE LEGISLATION

Relocation adjustment payments were authorized by section 114(c) (2) of a 1964 amendment to the Housing Act of 1949. The original purpose of the payment, as proposed by President Johnson, was to provide a rent supplement to low-income families and elderly individuals who were unable to obtain facilities in public housing and who were unable to relocate into decent, safe, and sanitary housing at a price they could afford. It was based on the concept that such persons could generally afford 20 percent of their income for rent, leaving them in need of some financial assistance to obtain the desired housing. The intent of the payment was commendable * * * but the resulting legislation was so poorly drawn that it constantly plagues local administrators.

Each year, various individuals, organizations, Government agencies, and Congress study and propose amendments to the 1949 Housing Act. Prior to adoption, there are lengthy hearings by Senate and House committees, which are followed by legislative haggling and compromise. Oftimes, the resulting law that emerges from these processes is vastly different from that originally proposed.

Section 114(c) (2) of the act provides that: "A local public agency may pay (in addition to reasonable moving expenses), on behalf of any displaced family or any displaced individual 62 years of age or over, during the first 5 months after displacement, a relocation adjustment payment, not to exceed \$500, to assist such displaced individual or family to acquire a decent, safe, and sanitary dwelling. The relocation adjustment payment shall be an amount which, when added to 20 percent of the annual income of the displaced individual or family at the time of displacement, equals the average rental required, for a 12-month period, for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family (in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities): *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the U.S. Housing Act of 1937, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such act: *Provided further*, That payments under this paragraph shall be available only in the case of families, and individuals 62 years of age or over, displaced on or after January 27, 1964."

FORMULATING REGULATIONS

Although the amendment was signed by the President on September 3, 1964, it took almost 5 months for the Housing and Home Finance Agency to formulate the necessary policies and requirements, released as Local Public Agency letter 321 on January 13, 1965.

The issuance of this LPA letter, titled "Relocation Adjustment Payments and Small Business Displacement Payments," followed regional conferences held by HHFA with local administrators and technicians in order to obtain their viewpoints and recommendations. This was one of the few instances that local agency personnel were asked for their opinions concerning pending regulations.

Several supplementary LPA letters have been issued concerning relocation adjustment payments. In addition to LPA letter 321, still in effect are LPA letters 323, 326, 331, 350, 362, and 363. Although HHFA generally did a commendable job of formulating procedures, some of the regulations it adopted have compounded the problem.

The major objection to section 114(c) (2) is the provision that a local public agency may pay "during the first 5 months after displacement, a relocation adjustment payment, not to exceed \$500 * * *." In the very next sentence, however, the section provides that the "payment shall be an amount which when added to 20 per cent of the annual income of the displaced individual or family, at the time of displacement, equals the average rental required for a 12-month period."

Because the time periods in the two sentences quoted above differ, HHFA, in formulating its regulations, required that, instead of a supplement payment, the

full amount of the displacee's rent be paid each month up to 5 months. If any further amount was due, a cash payment of the balance would be made to the displacee. If, however, the amount due the displacee was less than adequate to cover the rent for the entire 5-month period, then the full rent would be paid each month until the total amount of the readjustment payment was used up.

For example, if a displacee was entitled to the maximum \$500 payment and was paying a contract rent of \$70 per month, his full rent would be paid by the local public agency for 5 months. Thereafter, he would be entitled to a single cash payment of \$150. If another displacee was entitled to \$400 and was paying a contract rent of \$100 per month, the full rent would be paid only for 4 months and he would receive nothing thereafter.

As a result of this regulation, the displacees are not required to use any of their own money for rent while relocation adjustment payments are being made. In many cases, they utilize the money they would normally use for rent, together with any cash payments due them after the 5-month period, to indulge in unaccustomed luxuries or to purchase such things as a new color TV set. Thus the regulation defeats the intent of the act, that is, that the money be used "to assist these people to accommodate themselves to their greater housing costs."

During the period these payments are made, few save the 20 percent of their income they are presumed to afford for rent. After the payments cease, the full contract rent often becomes a heavy burden on the tenant.

HOW IT HAPPENED

Rent supplementation was bitterly opposed by certain forces inside and outside of Congress. The new phrase "relocation adjustment payment" was born, in fact, to neutralize the bitter attitudes toward rent supplement payments. It was one of several terms considered. On page 3 of LPA Letter 307, dated September 16, 1964, explaining what the 1964 Housing Act provided, the term "re-housing assistance payment" was used—then, in LPA Letter 321, dated January 13, 1965, the payments became "relocation adjustments."

Using a different term to convey the same meaning is not an unusual legislative tactic. The Wall Street Journal has noted that picking a "right title can smooth a bill's path in Congress. * * * Picking a righteous sounding name like truth-in-lending for a controversial bill * * * can be an effective ploy. * * * Last year's Demonstration Cities Act for rehabilitating slums won grudging congressional approval, but some lawmakers complained the name made voters think the Government wanted to encourage riots. Now the name has been changed to model cities. * * *

The terminology notwithstanding, certain elements in Congress were still opposed to what amounted to a rent supplement. In any case, by whatever name, there were differences of opinion as to the period over which payments were to be made. The President recommended a 2-year period.

The Senate substantially adopted the President's recommendations on readjustment payments for relocatees but reduced the time period of the benefits from 2 years to 1 year. The bill, as originally adopted by the House of Representatives, provided for payment "to or on behalf of any individual or family the monthly rental (or mortgage payment) required for the dwelling accommodation in which such individual or family is relocated during the first 3 months (after displacement) for which such rental or payment is due. * * *" A \$200 limit on the total amount of the payments was also contained in the House version.

Due to the differences in the Senate and House provisions, the bill was referred back to a Senate-House conference committee. The conference report recommended, and Congress adopted, the Senate's 1-year provision and the administration's recommended payment formula, based upon 20 percent of the recipient's income, but provided that the full amount be paid in 5 months, with a \$500 limit in the total payment.

Although both bills contained major defects or omissions, the Senate version had the advantage of providing a true rent supplement, based on need, whereas the House version provided merely a bonus for moving to everyone, irrespective of need. Nevertheless, if either version, rather than the compromise, had been adopted, the administration of the payments would have been greatly simplified.

SHORTCOMINGS

Among the shortcomings in section 114(c) (2), as adopted, is the fact that no provision is made for asset limitation in determining the eligibility of a displacee. Theoretically, a person or family could have extensive property or assets, such as jewelry, real estate, or even a million dollars cash in a bank vault. Yet if their actual verified income is low, they would qualify for the relocation adjustment payment.

Another provision of the section requires that in order to qualify for such payment, the displacee shall be unable to secure a dwelling unit in a low-rent housing project. Such projects have asset limitation policies that may disqualify otherwise eligible persons if their assets exceed a certain sum. By being rejected for public housing, such persons would immediately qualify for the relocation adjustment payment.

Another fallacy of section 114(c) (2) is that it fails to take cognizance of the actual rent that the displacee pays in the computation of the amount due him. It requires that the local public agency determine the average rental required in the community for the size of unit necessary to house the elderly individual or a family consisting of a certain number of persons. For example, if the local public agency determined the average rental for a two-bedroom apartment of modest standards to be \$100 per month in the particular community, but the eligible displacee obtained an apartment to meet all requirements at \$80 per month, his payment would still be determined on the \$100 basis.

Another apparent oversight in this section is the failure to differentiate between the eligibility of an owner or tenant. If a family or an elderly person has adequate assets to buy a good standard home free and clear of a mortgage, with sufficient income to afford the necessary payments for taxes and other expenses within the 20 percent of income criteria, they would still qualify for the relocation adjustment payment. The payment would also be determined by the average rental criteria, except that they would receive the full amount in a lump sum.

In many instances elderly persons choose to move in with children or other family members who are financially able to care for them. Under such conditions, even if the eligible relocatee is not required to pay a cent for his care, he would still be entitled to the full relocation adjustment payment, in a lump sum.

Section 114(c) (2) states "a local public agency may pay * * * a relocation payment * * * to assist such displaced individual and family to acquire a decent, safe, and sanitary dwelling." In interpreting this section, HHFA and its successor, the Department of Housing and Urban Development, seem to have ignored the fact that the section says "may" rather than "shall" and that its purpose is to "assist" in acquiring decent facilities. In the two preceding instances, it is questionable whether such lump-sum payments were intended within the meaning of the act or in any way "assist" in relocating the recipients in decent housing. The detailed regulations adopted by HHFA leave little, if any, discretion to the local public agency in determining eligibility.

It is interesting to note that according to the rules and regulations promulgated by the HHFA, every eligible low-income family and elderly individual who move from a renewal project area any time after the signing of a loan and grant contract or HUD concurrence in project execution activities are entitled to a relocation adjustment payment. There is no requirement for length of prior tenancy within the project area.

A low-income family could purposely move into the project area just before this period with full knowledge that they would have to move shortly thereafter and with full knowledge that they would receive these benefits. An elderly derelict, for instance, could move into a \$1 a day flophouse just before this period and then relocate shortly thereafter to an efficiency apartment with all standard housekeeping facilities. He would have his full rent paid for 5 months and also receive a cash payment. Furthermore, the local public agency would be obliged to attempt to locate such persons if they moved without knowledge of the local agency and without claiming such benefits.

It is also interesting to note that at the same time the 1964 Housing Act was providing a relocation adjustment payment for eligible low-income families and individuals 62 years of age and over, Congress also revised section 105(c) of the 1949 Housing Act by placing upon the local public agency the burden and responsibility of relocating all individuals as well as families. However, no provision

was made for such financial assistance to individuals under 62 years of age, who because of physical disability or other factors, were equally in need of such help.

CONCLUSION

The foregoing is a critical analysis of but one subsection of the 1949 Housing Act. At the same time that HUD studies and recommends the enactment of new amendments to the act and other pertinent legislation, it should also recommend correction of past legislation that has created unforeseen inequities or administrative problems.

Coupled with such review of existing laws, HUD should undertake a systematic review of its regulations and procedures. These are presently contained in the three volumes of the Urban Renewal Manual, local public agency letters, regional agency letters, technical guides, et cetera. Any local administrator can attest to the many problems created by the lack of a central index for such material.

The apparent purpose of the LPA letters was that they be used as an advance notice of changes in regulations or procedures, until such time as they could be printed and incorporated into the Urban Renewal Manual. Many of the LPA letters are drafted by HUD technicians, who may have little or no experience at the local agency level. Very often, other LPA letters are required to revise, supplement, or replace previously issued letters. This only adds to the confusion.

To minimize this problem, drafts of proposed LPA letters should be sent to selected local agencies and/or NAHRO liaison committees for review and comments prior to official release. Another constructive measure on the part of HUD would be the establishment of a target period, not to exceed 6 months, for the incorporation of any new LPA letters into the Urban Renewal Manual or the development of new manuals similar to those utilized for the public housing program.

Because the administration of an urban renewal program is a complex undertaking, the sooner necessary measures are taken to simplify the procedures and improve administration of the program, the sooner the program will be accepted by the affected people as a vital necessity in our cities and towns.

EXHIBIT 4, PAGE 1—NAHRO TESTIMONY OF JUNE 13, 1968 (H.R. 16718, H.R. 5523, H.R. 12631, AND RELATED BILLS)

SENATE OF MARYLAND, No. 365

AN ACT To add new Section 6A to Article 33A of the Annotated Code of Maryland (1967 Replacement Volume), title "Emminent Domain," to follow immediately after Section 6 thereof, requiring a condemnor in certain specified situations to pay to owner-occupants of single and two-family dwellings, in addition to fair market value, additional compensation not exceeding Five Thousand Dollars (\$5,000.00)

Whereas the undertaking of public projects in residential areas has forced numerous owner-occupants to relocate; and

Whereas studies have revealed that in acquiring comparable decent, safe, and sanitary dwellings, displaced persons, particularly persons of low and moderate income, have often been required to expend considerably more money than received from the condemning authority for their condemned property; and

Whereas such owner-occupants have thereby sustained serious financial loss; and

Whereas the financial loss suffered by such owner-occupants often has been due to the progressive deterioration of the neighborhoods in which they reside, rather than the condition of their own dwellings; and

Whereas such owner-occupants have thus been hindered in acquiring decent, safe, and sanitary dwellings; and

Whereas it is in the public interest to facilitate owner-occupants of dwellings taken for public purposes to relocate themselves as owner-occupants of decent, safe, and sanitary dwellings; and

Whereas the payment of additional compensation to owner-occupants of dwellings taken for public purposes would facilitate the relocation of such persons as owner-occupants of decent, safe and sanitary dwellings.

SECTION 1. Be it enacted by the General Assembly of Maryland. That new Section 6A be and it is hereby added to Article 33A of the Annotated Code of

Maryland (1967 Replacement Volume), title "Eminent Domain," to follow immediately after Section 6 thereof and to read as follows:

(1) In the taking of any property which is improved by a single or two family dwelling occupied by its owner, in addition to fair market value of his property, the owner-occupant shall be entitled to receive additional compensation equal to the difference, if any, between the average costs, within the same political subdivision, of a decent, safe and sanitary dwelling generally comparable in size to the dwelling being taken, and the fair market value of the dwelling being taken; provided that such additional compensation shall not exceed Five Thousand Dollars (\$5,000.00) for any such property; and provided, further, that such additional compensation shall not be paid unless the owner of said building was the owner and occupant thereof for not less than one (1) year immediately prior to the effective date of legislative authority for the acquisition of such dwelling and continued as owner-occupant until commencement of negotiations for the acquisition of properties in the project area and moved because of the threatened acquisition of said dwelling. For the purposes of this section, the leasehold owner of a property subject to a redeemable or irredeemable ground rent shall be considered to be the owner of the property.

(2) The appropriate condemning authority shall adopt rules and regulations for the implementation of the provisions of this section. Such rules and regulations may include a schedule containing a sliding scale correlating fair market values of dwellings to be acquired with specific amounts reasonably necessary to allow owner-occupants to acquire decent, safe and sanitary dwellings generally comparable in size to the dwellings being taken, as provided in this section.

SEC. 2. And be it further enacted, That this Act shall take effect June 1, 1968.

EXHIBIT 5—NAHRO VIEWS ON THE PROPOSAL BY THE BUREAU OF THE BUDGET ON A SHARING OF RELOCATION COSTS, JUNE 5, 1968

NAHRO is glad to respond to the request for its views on the proposal of the Bureau of the Budget that relocation payments be shared under a matching formula, rather than reimbursed in full by the Federal Government.

We have a number of observations related to: (1) past experience in Federal assistance to relocation, (2) practical questions in achieving adequate relocation assistance, (3) the elements of uniform relocation assistance, and (4) the role of the Federal Government in relocation assistance.

PAST EXPERIENCE IN FEDERAL ASSISTANCE TO RELOCATION

Under the Housing Act of 1956, a system of 100 percent reimbursement was established for relocation payments under the urban renewal program. This was extended to the public housing program in 1964. Under this system, local public agencies administering urban renewal and public housing established relocation service offices and began to disburse payments and give assistance to all those displaced. Over the period of the last 10 years, payment made to displacees have universally met the standards set in the Federal statute. With the assistance of the Federal Government, local public agencies have been able to gain experience and insight into the whole problem of displacement. The urban renewal program has performed a leadership role in understanding the effects of displacement and bringing assistance to those displaced. It is on the threshold of organizing even more effective relocation techniques and assistance.

The Federal Highway Act of 1962 provided for relocation assistance on a matching basis of 90 percent to 10 percent. Under this system, only some 20 States have elected to avail themselves of Federal funds, and a number of these do not pay the maximum benefits permissible under the Federal statute. Moreover, the laws in these some 20 States, except for a handful of exceptions, cover reimbursement only for moving costs, and only for Federal-aid highway displacement.

If experience under these two systems in the past is any criterion, than meeting the standards set in Federal statutes and moving ahead to set up effective relocation operations on the State and local level, is far more likely under a 100-percent reimbursement schedule.

PRACTICAL QUESTIONS IN ACHIEVING ADEQUATE RELOCATION ASSISTANCE

As noted above, only some 20 States have established legislation which authorizes relocation assistance—and only six of these States have laws which

cover reimbursement beyond moving costs and Federal-aid highway displacement. Based on past experience, it is not likely that changes would or could be made in State laws, within the 3-year time schedule set in the proposal of the Budget Bureau, to make a shared-cost system workable. One of the important rationales in establishing a 100-percent reimbursement schedule in the urban renewal program in 1956, was doubt as to whether State constitutions and laws would permit local public agencies to extend compensation in excess of awards for property acquisition. This is still a serious constraint on a shared-basis for relocation assistance.

Conversion of the urban renewal and public housing programs to a shared system of relocation assistance at this time could be a serious setback to the relocation progress which has been made over the past decade. Local communities, already in financial distress, would be required to find a matching contribution in most cases equal to one-third of total costs. Any inability to do so would undoubtedly result in discouragement and frustration among displacees themselves, particularly if this involved a stepback from the benefits currently being given.

THE ELEMENTS OF UNIFORM RELOCATION ASSISTANCE

Two factors relate to the rationale for a uniform policy of relocation assistance by the Federal Government. First, relocation assistance has come to be recognized as a unique governmental function, with an identity of its own, not basically affected by the type of improvement activity which causes displacement. Under such an understanding, it does not seem logical or equitable for the Federal Government to reimburse relocation assistance in one federally assisted program to a greater degree than in another, as would happen if the current matching formulas should be used as the basis for reimbursement: (for example, interstate highway displacement would be reimbursed on a 90-10 basis, while most reimbursement for urban renewal would be on a two-thirds/one-third basis.) A second factor is that the administrative groundrules for reimbursement, as well as the level of reimbursable payments, should be considered in the establishment of a uniform relocation assistance program by the Federal Government. Only such a system can truly be called uniform.

THE ROLE OF THE FEDERAL GOVERNMENT IN RELOCATION ASSISTANCE

The Federal Government must continue to perform a leadership role in bringing relocation assistance to all those displaced by public action. The goal of the present title of H.R. 5523—uniform relocation assistance for all those displaced by federally assisted programs must be made a reality. The surest and most effective way to achieve this goal is for the Federal Government to provide for 100 percent reimbursement of relocation costs. Such action by the Federal Government would also provide the quickest way to stimulate State and local governments to take responsibility for providing assistance for those displaced by State and local improvement programs. At the present time, about half of all displacement comes from State and local public programs, not related to Federal assistance. Already, the role of the Federal Government in bringing assistance to those displaced by federally assisted programs is bringing actions to provide similar benefits for non-federally-related displacement.

For all of these reasons, NAHRO favors the establishment of a 100-percent Federal relocation assistance for all Federal or federally aided programs which cause displacement.

STATEMENT OF THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS ON H.R. 16718—INTERGOVERNMENTAL COOPERATION ACT OF 1968, SUBMITTED BY BILL B. COBB, BUDGET DIRECTOR, TEXAS, AND PRESIDENT OF THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

The National Association of State Budget Officers is an affiliate of the Council of State Governments comprised ex officio of the State budget officers of all 50 States and the commissioners of finance and administration in those States where this official is superior to the budget officer. The association is much interested in many of the provisions contained in the Intergovernmental Cooperation Act of 1968, and I am pleased to testify in support of the principles of that act.

While all provisions of the proposed act would be beneficial to intergovern-

mental relations, I shall address myself to those provisions of most concern to budget officials.

The first is section 201, which requires Federal agencies, upon request, to notify the Governor or a State official of Federal grants to the State. This section is desirable because it attempts to solve a problem of great concern to Governors and legislators. Decisions on grants are often made between the Federal agency and its State counterpart without clearance with the central decisionmaking bodies of the State. Without this information at an early stage, the chief executive and legislators cannot adequately plan State programs and financial support. The need for information on grants has been recognized in all States, and at least 46 of them have established offices or positions of Federal-State coordinator, most of them located directly in the Governor's office. A formal Federal requirement for the Federal agency to cooperate with the States in providing the central administrative units with information on Federal grants will strengthen State ability to develop sound program and financial plans.

Section 202 will assist States in good treasury management by allowing, in cases where this is not already done, the commingling of all funds for short-term investment purposes.

Section 203, requiring a minimum time lapse between transfer of funds from the U.S. Treasury and disbursement by the State, represents sound Treasury management on the part of the U.S. Government. This section does not recognize, however, a problem that the States have with reimbursable grants, such as those for highway programs. Most States receive more money in reimbursable programs than they do in programs funded in advance. It should be possible to include a provision for immediate reimbursement based on normal State expenditure patterns subject, of course, to Federal audit, to assure that States do not have to lay out money and wait a considerable length of time before reimbursement.

Section 204 provides for waiver of the single State agency requirement if the State presents evidence that such provision prevents the establishment of the **most effective and efficient organization arrangements within the State government * * *** This provision will make it easier for States to reorganize functions for improved management. For example, the New Mexico Department of Finance and Administration administers Federal grants flowing through to public schools and the Illinois central personnel agency engages in personnel administration activities for health agencies. These arrangements were established by the two States to bring about administrative improvements, yet they may run counter to the Federal single agency requirement.

The section could be made stronger from the State point of view if the burden were placed on the Federal agency to find something improper about the State administrative arrangement rather than require the State to defend any deviation from the single agency requirement. Effective administration may be accomplished under many organizational forms, and the arrangements set up by the States should ordinarily not be challenged by the Federal agencies.

Title III, allowing Federal agencies to provide special or technical services to State and local government on a reimbursable basis, should make easier the utilization of the expertise developed in the Federal agencies in many programs in which States need help. We endorse this attempt to make more flexible the working out of personnel interchanges among units of government.

The vast expansion of Federal grant programs, and their splintering into many categories—480 at a recent count—makes review and coordination devices particularly necessary. Titles V and VI are addressed to this.

Title V, requiring congressional review of Federal grants-in-aid, will formalize a procedure that Congress in the normal course of events might undertake anyway, namely, to review all programs periodically, measure them against their intent, determine to what degree they are meeting their intent, note the relationship among the various programs that have been established at different times, and decide if alternate arrangements might better serve national goals and objectives. Coordination among programs might also be achieved.

For example, when four programs provide aid for water pollution control, some unifying legislative action might be helpful.

The National Association of State Budget Officers in 1963 adopted a resolution endorsing the periodic review of Federal grant programs.

Title VI provides a means of consolidating grant-in-aid programs. Between Presidential findings under this title and congressional findings under title V,

considerable strides should be possible to assure that many related categorical grant programs are correlated through the use of simplified administrative procedures to achieve the basic goals set by Congress.

In this connection we also endorse the principles of H.R. 12631, the Joint Funding Simplification Act of 1967. This act, in conjunction with titles V and VI of the Intergovernmental Cooperation Act, will provide a battery of means to eliminate some of the ill effects of too many diverse categorical grant programs.

Amendment No. 748, as prepared for companion bill S. 698, providing for improved coordination of auditing, should be beneficial to both Federal and State agencies. State agencies have frequently complained of long delays in Federal audits. This amendment should make possible more timely audits, whether done by State or Federal auditors, simply through reducing the number of audits any Federal program auditor is required to perform. It should also, where necessary, encourage States to provide adequate and timely audits so that State agencies will not be so subject to later Federal audits.

In summary, Mr. Chairman, we endorse the basic objectives of the Intergovernmental Cooperation Act and the Joint Funding Simplification Act and urge favorable and prompt congressional action.



LEGISLATIVE HISTORY
Public Law 90-577
S. 698

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INDEX AND SUMMARY OF S. 698

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90TH CONGRESS
1ST SESSION

S. 698

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 1967

Mr. MUSKIE (for himself, Mr. BOGGS, Mr. ERVIN, Mr. JACKSON, Mr. LONG of Missouri, Mr. MCGOVERN, Mr. MOSS, and Mr. MUNDT) introduced the following bill; which was read twice and referred to the Committee on Government Operations

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act be cited as the “Intergovernmental Coopera-
4 tion Act of 1967.”

5 TITLE I—DEFINITIONS

6 When used in this Act—

7 FEDERAL AGENCY

8 SEC. 101. The term “Federal agency” means any de-
9 partment, agency, or instrumentality in the executive branch
10 of the Government and any wholly owned Government cor-
11 poration, and for the purposes of title VIII, the Architect
12 of the Capitol.

13 STATE

14 SEC. 102. The term “State” means any of the several
15 States of the United States, the District of Columbia, Puerto
16 Rico, any territory or possession of the United States, or
17 any agency or instrumentality of a State, but does not in-
18 clude the governments of the political subdivisions of the
19 State. For the purposes of title VIII and title IX the term
20 “State” does include such political subdivisions.

21 POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

22 SEC. 103. The term “political subdivision” or “local
23 government” means a local unit of government, including
24 specifically a county, municipality, city, town, township, or

1 a school or other special district created by or pursuant to
2 State law.

3 UNIT OF GENERAL LOCAL GOVERNMENT

4 SEC. 104. "Unit of general local government" means
5 any city, county, town, parish, village, or other general-
6 purpose political subdivision of a State.

7 SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

8 SEC. 105. "Special-purpose unit of local government"
9 means any special district, public-purpose corporation, or
10 other strictly limited-purpose political subdivision of a State,
11 but shall not include a school district.

12 GRANT OR GRANT-IN-AID

13 SEC. 106. The term "grant" or "grant-in-aid" means
14 money, or property provided in lieu of money, paid or fur-
15 nished by the United States under a fixed annual or aggre-
16 gate authorization—

17 (A) to a State; or

18 (B) to a political subdivision of a State; or

19 (C) to a beneficiary under a State-administered
20 plan or program which is subject to approval by a
21 Federal agency;

22 if such authorization either (i) requires the States or political
23 subdivisions to expend non-Federal funds as a condition for
24 the receipt of money or property from the United States;

1 or (ii) specifies directly, or establishes by means of a
2 formula, the amounts which may be paid or furnished to
3 States or political subdivisions, or the amounts to be allotted
4 for use in each of the States by the States, political sub-
5 divisions, or other beneficiaries. The term does not include
6 (1) shared revenues; (2) payments of taxes; (3) pay-
7 ments in lieu of taxes; (4) loans or repayable advances;
8 (5) surplus property or surplus agricultural commodities
9 furnished as such; (6) payments under research and de-
10 velopment contracts or grants which are awarded directly
11 and on similar terms to all qualifying organizations, whether
12 public or private; or (7) payments to States or political
13 subdivisions as full reimbursement for the costs incurred
14 in paying benefits or furnishing services to persons entitled
15 thereto under Federal laws.

16 FEDERAL FINANCIAL ASSISTANCE

17 SEC. 107. The term "Federal financial assistance" does
18 not include any annual payment by the United States to the
19 District of Columbia authorized by article VI of the District
20 of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-
21 2501a and 47-2501b).

22 SPECIALIZED OR TECHNICAL SERVICES

23 SEC. 108. "Specialized or technical services" means
24 special statistical and other studies and compilations, de-
25 velopment projects, technical tests and evaluations, techni-

cal information, training activities, surveys, reports, documents, and any other similar service functions which the Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning," except in title VI, includes the following, to the extent directly related to area needs or needs of a unit of general local government:

(A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

URBAN DEVELOPMENT

SEC. 110. "Urban development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals,

1 personal property from real property on or after the ef-
2 fective date of this Act as a result of the acquisition or
3 reasonable expectation of acquisition of such real prop-
4 erty, in whole or in part, by a Federal or State agency:
5 *Provided*, That this shall not include the owner of prop-
6 erty on the premises of another under a lease or licensing
7 arrangement where such owner is required pursuant to
8 such lease or license to move such property at his own
9 expense.

10 BUSINESS

SEC. 114. The term "business" means any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the sale of services to the public; or (4) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale for gain.

19 FARM OPERATION

SEC. 115. The term “farm operation” means any activity conducted solely or primarily for the production of one or more agricultural products or commodities for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator’s support.

FARM OPERATOR

SEC. 116. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

FAMILY

SEC. 117. The term "family" means two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

ELDERLY INDIVIDUAL

SEC. 118. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 119. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 120. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

1 OWNER AND PERSON

2 SEC. 121. The terms "owner" and "person" mean any
3 individual, and any partnership, corporation, or association.

4 TITLE II—IMPROVED ADMINISTRATION OF
5 GRANTS-IN-AID TO THE STATES

6 FULL INFORMATION ON FUNDS RECEIVED

7 SEC. 201. Any department or agency of the United
8 States Government which administers a program of grants-
9 in-aid to any of the State governments of the United States
10 shall, upon request, notify in writing the Governor or other
11 official designated by him, or the State legislature, of the
12 purpose and amounts of actual grants-in-aid to the State.

13 DEPOSIT OF GRANTS-IN-AID

14 SEC. 202. No grant-in-aid to a State shall be required
15 by Federal law to be deposited in a separate bank account
16 apart from other funds administered by the State. All
17 Federal grant-in-aid funds made available to the States
18 shall be properly accounted for as Federal funds in the ac-
19 counts of the State. In each case the State agency con-
20 cerned shall render regular authenticated reports to the ap-
21 propriate Federal agency covering the status and the appli-
22 cation of the funds, the liabilities and obligations on hand,
23 and such other facts as may be required by said Federal
24 agency.

1 SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

2 SEC. 203. Heads of Federal departments and agencies
3 responsible for administering grant-in-aid programs shall
4 schedule the transfer of grant-in-aid funds consistent with
5 program purposes and applicable Treasury regulations, so
6 as to minimize the time elapsing between the transfer of
7 such funds from the United States Treasury and the dis-
8bursement thereof by a State, whether such disbursement
9 occurs prior to or subsequent to such transfer of funds.
10 States shall not be held accountable for interest earned on
11 grant-in-aid funds, pending their disbursement for program
12 purposes.

13 ELIGIBLE STATE AGENCY

14 SEC. 204. Notwithstanding any other Federal law which
15 provides that a single State agency or multimember board or
16 commission must be established or designated to administer
17 or supervise the administration of any grant-in-aid program,
18 the head of any Federal department or agency may, upon
19 request of the Governor or other appropriate executive or
20 legislative authority of the State responsible for determining
21 or revising the organizational structure of State government,
22 waive the single State agency or multimember board or com-
23 mission provision upon adequate showing that such provision
24 prevents the establishment of the most effective and efficient

1 organization arrangements within the State government and
2 approve other State administrative structure or arrange-
3 ments: *Provided*, That the head of the Federal department
4 or agency determines that the objectives of the Federal
5 statute authorizing the grant-in-aid program will not be
6 endangered by the use of such other State structure or
7 arrangements.

8 TITLE III—PERMITTING FEDERAL DEPART-
9 MENTS AND AGENCIES TO PROVIDE SPECIAL
10 OR TECHNICAL SERVICES TO STATE AND
11 LOCAL UNITS OF GOVERNMENT

12 STATEMENT OF PURPOSE

13 SEC. 301. It is the purpose of this title to encourage
14 intergovernmental cooperation in the conduct of specialized
15 or technical services and provision of facilities essential to
16 the administration of State or local governmental activities,
17 many of which are nationwide in scope and financed in part
18 by Federal funds; to enable State or local governments to
19 avoid unnecessary duplication of special service functions;
20 and to authorize all departments and agencies of the execu-
21 tive branch of the Federal Government which do not have
22 such authority to provide specialized or technical services to
23 State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment to the department or agency by the unit of government making the request, of salaries and all computable overhead and indirect costs of performing such services: *Provided, however,* That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations, determines may be provided by Federal departments and agencies. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit

1 of the principal appropriation from which the cost of pro-
2 viding such services has been paid or is to be charged, or
3 to the appropriation currently available for the cost of
4 similar services.

5 REPORTS TO CONGRESS

6 SEC. 304. The Secretary of any department or the ad-
7 ministrative head of any agency of the executive branch
8 of the Federal Government shall furnish annually to the
9 respective Committees on Government Operations of the
10 Senate and House of Representatives a summary report on
11 the scope of the services provided under the administration
12 of this title.

13 RESERVATION OF EXISTING AUTHORITY

14 SEC. 305. This title is in addition to and does not super-
15 sede any existing authority now possessed by any Federal
16 department or agency with respect to furnishing services,
17 whether on a reimbursable or nonreimbursable basis, to
18 State and local units of government.

19 TITLE IV—COORDINATED INTERGOVERNMENTAL
20 POLICY AND ADMINISTRATION OF
21 GRANTS FOR URBAN DEVELOPMENT

22 DECLARATION OF URBAN ASSISTANCE POLICY

23 SEC. 401. (a) The economic and social development
24 of the Nation, its strength in world affairs and the achieve-
25 ment of satisfactory levels of living depend in large degree

1 upon the sound and orderly development of urban communi-
2 ties. In pursuit of this basic objective, the President shall
3 establish rules and regulations for uniform application in the
4 formulation, evaluation, and review of urban development
5 programs and projects for the provision of federally aided
6 urban facilities, and Federal projects having a significant
7 impact on the development of urban and urbanizing com-
8 munities. Such rules and regulations shall provide for full
9 consideration of the concurrent achievement of the following
10 specific objectives of urban development, and, to the extent
11 authorized by law, reasoned choices shall be made between
12 such objectives when they conflict:

13 (1) Appropriate land uses for residential, commer-
14 cial, industrial, governmental, institutional, and other
15 purposes;

16 (2) Wise development and conservation of natural
17 resources, including land, water, minerals, wildlife, and
18 others;

19 (3) Balanced transportation systems, including
20 highway, air, water, pedestrian, mass transit, and other
21 modes for the movement of people and goods;

22 (4) Adequate outdoor recreation and open space;

23 (5) Protection of areas of unique natural beauty,
24 historical, and scientific interest;

25 (6) Properly planned community facilities, includ-

1 ing utilities for the supply of power, water, and com-
2 munications, for the safe disposal of wastes, and for other
3 purposes;

4 (7) Any other objective through which urban de-
5 velopment activities can contribute to the economic,
6 social, and cultural development of the Nation, its
7 strength in world affairs, and the achievement of en-
8 hanced levels of living; and

9 (8) Concern for high standards of design.

10 (b) All viewpoints—national, regional, State, and
11 local—shall, to the extent possible, be fully considered and
12 taken into account in planning urban development programs
13 and projects. Regional, State, and local government ob-
14 jectives shall be considered and evaluated within a frame-
15 work of national public objectives, and available projections
16 of future national conditions and needs of regions, States, and
17 localities shall be considered in plan formulation, evaluation,
18 and review.

19 (c) To the maximum extent possible, consistent with
20 national objectives, all Federal aid for urban development
21 purposes shall be consistent with and further the objectives of
22 State and local government comprehensive planning for
23 urban development. Consideration shall be given to all de-
24 velopmental aspects of the total urban community, including
25 but not limited to housing, transportation, economic develop-

1 ment, natural resources development, community facilities,
2 and the general improvement of living environments.

3 (d) Each Federal department and agency administering
4 an urban development aid program shall, to the maximum
5 extent practicable, consult with and seek advice from all other
6 significantly affected Federal departments and agencies in an
7 effort to assure fully coordinated programs.

8 (e) Insofar as possible, systematic planning required by
9 individual Federal programs (such as highway construction,
10 urban renewal, and open space) shall be coordinated with
11 and made part of comprehensive local and areawide urban
12 development planning.

13 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

14 SEC. 402. Where Federal law provides that both special-
15 purpose units of local government and units of general local
16 government are eligible to receive loans or grants-in-aid for
17 urban development, heads of Federal departments and agen-
18 cies shall, in the absence of substantial reasons to the con-
19 trary, make such loans or grants-in-aid for urban develop-
20 ment to units of general local government rather than to
21 special-purpose units of local government.

22 RULES AND REGULATIONS

23 SEC. 403. The Bureau of the Budget or such other
24 agency as may be designated by the President is hereby

1 authorized to prescribe such rules and regulations as are
2 deemed appropriate for the effective administration of this
3 title.

4 TITLE V—CONGRESSIONAL REVIEW OF FED-
5 ERAL GRANTS-IN-AID TO STATES AND TO
6 LOCAL UNITS OF GOVERNMENT

7 STATEMENT OF PURPOSE

8 SEC. 501. It is the purpose and intent of this title to
9 establish a uniform policy and procedure whereby programs
10 for grant-in-aid assistance from the Federal Government to
11 the States or to their political subdivisions which may be
12 enacted hereafter by the Congress shall be made the subject
13 of sufficient subsequent review by the Congress to insure
14 that (1) the effectiveness of grants-in-aid as instruments of
15 Federal-State-local cooperation is improved and enhanced;
16 (2) grant programs are revised and redirected as necessary
17 to meet new conditions arising subsequent to their original
18 enactment; and (3) grant programs are terminated when
19 they have substantially achieved their purpose. It is fur-
20 ther the purpose and intent of this title to provide for con-
21 tinuing review of existing Federal programs for grant-in-aid
22 assistance to the States or their political subdivisions by the
23 Comptroller General with a view to the formulation of rec-
24 ommendations to assist the Congress in making changes in
25 requirements and procedures applicable to such programs in

1 the interest of eliminating areas of conflict and duplication
2 in program operations and achieving more efficient, effective,
3 and economical administration of such programs, and greater
4 uniformity in the operation thereof.

5 EXPIRATION OF GRANT-IN-AID PROGRAMS

6 SEC. 502. Where any Act of Congress enacted in the
7 Ninety-first or any subsequent Congress authorizes the mak-
8 ing of grants-in-aid to two or more States or to political
9 subdivisions of two or more States and no expiration date
10 for such authority is specified by law, and such grant is not
11 specifically exempted from the provisions of this title, then
12 the authority to make grants-in-aid by reason of such Act
13 to States, political subdivisions, and other beneficiaries from
14 funds not therefore obligated shall expire not later than
15 June 30 of the fifth calendar year which begins after the
16 effective date of such Act.

17 COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

18 SEC. 503. Where any Act of Congress enacted in the
19 Ninety-first or any subsequent Congress authorizes the mak-
20 ing of grants-in-aid over a period of three or more years to
21 two or more States or to political subdivisions of two or more
22 States, then during the period beginning not later than twelve
23 months immediately preceding the date on which such au-
24 thority is to expire, the committees of the Senate and of the
25 House to which legislation extending such authority would

1 be referred shall, separately or jointly, conduct studies of the
2 program under which such grants-in-aid are made with a
3 view to ascertaining, among other matters of concern to the
4 committees, the following:

5 (1) The extent to which the purposes for which the
6 grants-in-aid are authorized have been met;

7 (2) The extent to which such programs can be car-
8 ried on without further financial assistance from the
9 United States;

10 (3) Whether or not any changes in purpose, direc-
11 tion, or administration of the original program, or in
12 procedures and requirements applicable thereto, to con-
13 form to recommendations by the Comptroller General
14 under section 504, should be made;

15 (4) Whether or not any changes in purpose, direc-
16 tion, or administration of the original program should be
17 made in the light of reports and recommendations sub-
18 mitted on request by the Advisory Commission on Inter-
19 governmental Relations; and

20 (5) The extent to which such grant-in-aid pro-
21 grams are adequate to meet the growing and changing
22 needs which they were designed to support.

23 Each such committee shall report the results of its investi-

1 gation and study to its respective House not later than one
2 hundred and twenty days before such authority is due to
3 expire.

4 STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-
5 IN-AID PROGRAMS

6 SEC. 504. The Comptroller General shall make con-
7 tinuing studies of presently existing and all future programs
8 for grant-in-aid assistance from the Federal Government to
9 the States or their political subdivisions concerning the extent
10 to which programs conflict and duplication can be eliminated
11 and more effective, efficient, economical, and uniform admin-
12 istration of such programs could be achieved by changing
13 certain requirements and procedures applicable thereto.

14 In reviewing such programs the Comptroller General
15 shall consider, among other relevant matters, the equaliza-
16 tion formulas, and the budgetary, accounting, reporting and
17 administrative procedures applicable to such programs.
18 Reports on such studies, together with recommendations,
19 shall be submitted by the Comptroller General to the Con-
20 gress. Reports on expiring programs should, to the extent
21 practicable, be submitted in the year prior to the date set for
22 their expiration.

1 STUDIES BY ADVISORY COMMISSION ON INTERGOVERN-

2 MENTAL RELATIONS

3 SEC. 505. Upon request of any committee referred to in
4 section 503, the Advisory Commission on Intergovernmental
5 Relations (established by Public Law 86-380, as amended)
6 shall, during the same period referred to in such section,
7 conduct studies of the intergovernmental relations aspects
8 of programs which are subject to the provisions of such
9 section, including (1) the impact of such programs, if any,
10 on the structural organization of State and local governments
11 and on Federal-State-local fiscal relations, and (2) the co-
12 ordination of Federal administration of such programs with
13 State and local administration thereof, and shall report its
14 findings and recommendations to such committee.

15 RECORDS AND AUDIT

SEC. 506. (a) Each State or political subdivision thereof receiving assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification, or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant may prescribe, including records which fully disclose the amount and disposition by such recipient of such

1 grant-in-aid, the total cost of the project or undertaking in
2 connection with which such grant-in-aid is given or used, and
3 the amount of that portion of the cost of the project or under-
4 taking supplied by other sources, and such other records as
5 will facilitate an effective audit.

6 (b) The head of the Federal agency administering
7 such grant and the Comptroller General of the United States,
8 or any of their duly authorized representatives, shall have
9 access for the purpose of audit and examination to any books,
10 documents, papers, and records of such recipients that are
11 pertinent to the grants received.

12 TITLE VI—CONSOLIDATION OF GRANT-IN-AID 13 PROGRAMS

14 STATEMENT OF PURPOSE

15 SEC. 601. (a) The President shall from time to time
16 examine the various programs of grants-in-aid provided
17 by law and shall determine what consolidations are neces-
18 sary or desirable—

19 (1) to promote the better execution and efficient
20 management of individual grant programs within the
21 same functional area;

22 (2) to provide better coordination among indi-
23 vidual grant programs within the same functional area;

24 or

25 (3) to promote more efficient planning and use by

1 the recipients of grants under programs within the same
2 functional area.

3 (b) The Congress declares that the public interest
4 demands the carrying out of the purposes of subsection (a)
5 and that the purposes may be accomplished in great measure
6 by proceeding under this title, and can be accomplished
7 more speedily thereby than by the enactment of specific
8 legislation.

9 PREPARATION AND TRANSMITTAL OF PLAN

10 SEC. 602. (a) When the President, after investigation,
11 finds that a consolidation of individual grant-in-aid programs
12 within the same functional area is necessary or desirable to
13 accomplish one or more of the purposes set forth in section
14 601 (a), he shall prepare a grant consolidation plan for the
15 making of such consolidation, and shall transmit such plan
16 (bearing an identification number) to the Congress, together
17 with a declaration that with respect to each individual pro-
18 gram consolidated under such plan, he has found that the
19 consolidation is necessary or desirable to accomplish one or
20 more of the purposes set forth in section 601 (a). Each
21 such consolidation plan so transmitted—

22 (1) shall place responsibility in a single agency
23 for administration of the consolidated program, and

24 (2) shall specify in detail the formula or formulas

1 for the making of grants under the consolidated pro-
2 gram, and shall set forth the differences between such
3 formula or formulas and the formula for making grants
4 under each of the individual programs consolidated under
5 such plan.

6 (b) Each grant consolidation plan shall provide for
7 only one consolidation of individual grant programs.

8 (c) The President shall have a grant consolidation plan
9 delivered to both Houses on the same day and to each
10 House while it is in session.

11 CONGRESSIONAL CONSIDERATION

12 SEC. 603. (a) Except as otherwise provided in sub-
13 section (c), a grant consolidation plan shall become effective
14 at the end of the first period of ninety calendar days of con-
15 tinuous session of the Congress after the date on which the
16 plan is transmitted to it unless, between the date of trans-
17 mittal and the end of the ninety-day period, either House
18 passes a resolution stating in substance that the House does
19 not favor the grant consolidation plan.

20 (b) For purposes of subsection (a) —

21 (1) continuity of session is broken only by an ad-
22 journment of the Congress sine die, and

23 (2) the days on which either House is not in ses-

1 sion because of an adjournment of more than three days
2 to a day certain shall be excluded in the computation of
3 the ninety-day period.

4 (c) Under provisions contained in a grant consolidation
5 plan, a provision of such plan may become effective at a time
6 later than the date on which such plan becomes effective
7 under subsection (a).

8 (d) A grant consolidation plan which becomes effective
9 shall be printed (1) in the Statutes at Large in the same
10 volume as the public laws and (2) in the Federal Register.

11 SEC. 604. (a) This section is enacted by the Congress—

12 (1) as an exercise of the rulemaking power of the
13 Senate and the House of Representatives, respectively,
14 and as such it is deemed a part of the rules of each
15 House, respectively, but applicable only with respect to
16 the procedure to be followed in that House in the case of
17 resolutions described in subsection (b) ; and it supersedes
18 other rules only to the extent that it is inconsistent there-
19 with; and

20 (2) with full recognition of the constitutional right
21 of either House to change the rules (so far as relating to
22 the procedure of that House) at any time, in the same

1 manner and to the same extent as in the case of any
2 other rule of that House.

3 (b) The provisions of sections 910 through 913 of title
4 5 of the United States Code shall apply with respect to a
5 grant consolidation plan and, for such purposes—

6 (1) all references in such sections to “reorganiza-
7 tion plan” shall be treated as referring to “grant con-
8 solidation plan”, and

9 (2) all references in such sections to “resolution”
10 shall be treated as referring to a resolution of either
11 House of the Congress, the matter after the resolving
12 clause of which is as follows: “That the
13 does not favor the grant consolidation plan numbered
14 transmitted to the Congress by the President on
15 , 19 .”, the first blank therein being filled
16 with the name of the resolving House and the other
17 blank spaces therein being appropriately filled.

18 EXPIRATION DATE

19 SEC. 605. The authority of the President under section
20 602 to transmit grant consolidation plans shall expire three
21 years after the date of the enactment of this Act.

1 TITLE VII—ACQUISITION, USE, AND DISPOSI-
2 TION OF LAND WITHIN URBAN AREAS BY
3 FEDERAL AGENCIES IN CONFORMITY WITH
4 LAND UTILIZATION PROGRAMS OF AF-
5 FECTED LOCAL GOVERNMENT

6 AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE
7 SERVICES ACT

8 SEC. 701. The Federal Property and Administrative
9 Services Act of 1949, as amended (40 U.S.C. 471 et seq.),
10 is amended by adding at the end thereof a new title as
11 follows:

12 “TITLE VIII—URBAN LAND UTILIZATION

13 “SHORT TITLE

14 “SEC. 801. This title may be cited as the ‘Federal
15 Urban Land-Use Act’.

16 “DECLARATION OF PURPOSE AND POLICY

17 “SEC. 802. It is the purpose of this title to promote
18 more harmonious intergovernmental relations by prescribing
19 uniform policies and procedures whereby the Administrator
20 shall acquire, use, and dispose of land in urban areas in
21 order that urban land transactions entered into for the
22 General Services Administration or on behalf of other Fed-
23 eral agencies shall be consistent with zoning and land-use
24 practices and shall be made to the greatest extent in accord-

1 ance with planning and development objectives of the local
2 governments and local planning agencies concerned.

3 “DISPOSAL OF URBAN LANDS

4 “SEC. 803. (a) Whenever the Administrator contem-
5 plates the disposal for or on behalf of any Federal agency of
6 any real property situated within an urban area, he shall,
7 prior to offering such land for sale, give reasonable notice
8 to the head of the governing body of the unit of general local
9 government having jurisdiction over zoning and land-use
10 regulation in the geographical area within which the land or
11 lands are located in order to afford the government the op-
12 portunity of zoning for the use of such land in accordance
13 with local comprehensive planning.

14 “(b) The Administrator, to the greatest practicable
15 extent, shall furnish to all prospective purchasers of such real
16 property, full and complete information concerning—

17 “(1) current zoning regulations and prospective
18 zoning requirements and objectives for such property
19 when it is unzoned;

20 “(2) current availability to such property of streets,
21 sidewalks, sewers, water, street lights, and other service
22 facilities and prospective availability of such services if
23 such property is included in comprehensive planning.

1 “ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

2 “SEC. 804. (a) To the extent practicable, prior to a
3 commitment to acquire any real property situated in an urban
4 area, the Administrator shall notify the unit of general local
5 government exercising zoning and land-use jurisdiction over
6 the land proposed to be purchased of his intent to acquire
7 such land and the proposed use of the property. In the event
8 that the Administrator determines that such advance notice
9 would have an adverse impact on the proposed purchase, he
10 shall, upon conclusion of the acquisition, immediately notify
11 such local government of the acquisition and the proposed
12 use of the property.

13 “(b) In the acquisition or change of use of any real
14 property situated in an urban area as a site for public build-
15 ing, the Administrator shall, to the extent he determines
16 practicable—

17 “(1) consider all objections made to any such ac-
18 quisition or change use by such unit of government upon
19 the ground that the proposed acquisition of use conflicts
20 or would conflict with the zoning regulations or planning
21 objectives of such units; and

22 “(2) comply with and conform to such regulations
23 of the unit of general local government having jurisdic-
24 tion with respect to the area within which such property

1 is situated and the planning and development objectives
2 of such local government.

3 “SEC. 805. The procedures prescribed in sections 803
4 and 804 may be waived during any period of national emer-
5 gency proclaimed by the President.

6 “DEFINITIONS

7 “SEC. 806. As used in this title—

8 “(a) ‘Unit of general local government’ means any city,
9 county, town, parish, village, or other general-purpose politi-
10 cal subdivision of a State.

11 “(b) ‘Urban area’ means—

12 “(1) any geographical area within the jurisdiction
13 of any incorporated city, town, borough, village, or other
14 unit of general local government, except county or par-
15 ish, having a population of ten thousand or more in-
16 habitants;

17 “(2) that portion of the geographical area within
18 the jurisdiction of any county, town, township, or similar
19 governmental entity which contains no incorporated unit
20 of general local government but has a population density
21 equal to or exceeding one thousand five hundred inhabi-
22 tants per square mile; and

23 “(3) that portion of any geographical area having
24 a population density equal to or exceeding one thousand

1 five hundred inhabitants per square mile and situated
2 adjacent to the boundary of any incorporated unit of
3 general local government which has a population of ten
4 thousand or more inhabitants.

5 “(c) ‘Comprehensive planning’ includes the following,
6 to the extent directly related to the needs of a unit of general
7 local government:

8 “(1) preparation, as a guide for long-range develop-
9 ment, of general physical plans with respect to the pat-
10 tern and intensity of land use and the provision of public
11 facilities including transportation facilities, together with
12 long-range fiscal plans for such development;

13 “(2) programing of capital improvements based on
14 a determination of relative urgency, together with defini-
15 tive financing plans for the improvement to be con-
16 structed in the earlier years of the program;

17 “(3) coordination of all related plans of the depart-
18 ment or subdivisions of the government concerned;

19 “(4) intergovernmental coordination of related
20 planning activities among the State and local govern-
21 mental agencies concerned; and

22 “(5) preparation of regulatory and administrative
23 measures in support of the foregoing.”

1 TITLE VIII—UNIFORM RELOCATION ASSISTANCE

2 DECLARATION OF POLICY

3 SEC. 801. The purpose of this Act is to establish a uni-
4 form policy for the fair and equitable treatment of owners,
5 tenants, and other persons displaced by the acquisition of real
6 property in Federal and federally assisted programs. Such
7 a policy shall be as uniform as practicable as to (1) reloca-
8 tion payments, (2) advisory assistance, (3) assurance of
9 availability of standard housing, and (4) Federal reimburse-
10 ment for relocation payments under federally assisted pro-
11 grams.

12 PART A.—FEDERAL PROGRAMS

13 RELOCATION PAYMENTS

14 SEC. 802. (a) If the head of any Federal agency ac-
15 quires real property for public use in a State, he shall make
16 fair and reasonable relocation payments to displaced per-
17 sons in accordance with the regulations established by the
18 President under section 805 of this Act.

19 (b) If any displaced person who moves or discon-
20 tinues his business elects to accept the payment authorized
21 by this subsection in lieu of the payment authorized for
22 such business by subsection (a) of this section, the head
23 of such Federal agency shall make a fixed relocation payment

1 to such person in an amount equal to the average annual net
2 earnings of the business, or \$5,000, whichever is the lesser.
3 No payment shall be made under this subsection unless the
4 head of such agency is satisfied that the business (1) cannot
5 be relocated without a substantial loss of its existing patron-
6 age, and (2) is not part of a commercial enterprise having
7 at least one other establishment, not being acquired by the
8 United States, which is engaged in the same or similar busi-
9 ness. For purposes of this subsection, the term “average
10 annual net earnings” means one-half of any net earnings
11 of the business, before Federal, State, and local income taxes,
12 during the two taxable years immediately preceding the
13 taxable year in which such business moves from the real
14 property acquired by the United States and includes any
15 compensation paid by the business to the owner, his spouse,
16 or his dependent children during such two-year period. Such
17 earnings and compensation shall be established by Federal
18 income tax returns filed by such business and its owner and
19 his spouse and dependent children for such two taxable years.

20 (c) If any displaced person who moved from a dwelling
21 elects to accept the payments authorized by this subsection
22 in lieu of the payments authorized by subsection (a) of this
23 section for moving from such dwelling, the head of such

1 Federal agency shall make the following fixed relocation
2 payments to such person:

3 (1) A moving expense allowance, determined ac-
4 cording to a schedule established by the head of such
5 agency, not to exceed \$200;

6 (2) A dislocation allowance equal to the amount
7 paid under paragraph (1) of this subsection or \$100,
8 whichever is the lesser;

9 (3) An additional payment of \$300 if the displaced
10 person purchases a dwelling for the purpose of residence
11 within one year from the date of actual displacement
12 except that such displaced person shall only be eligible
13 for payment under this subsection when the dwelling
14 purchased is situated upon real estate in which such
15 person acquires fee title, life estate, ninety-nine-year
16 lease, or other type of long-term lease equivalent to fee
17 ownership; and

18 (d) If any displaced person who moves or discontinues
19 a farm operation elects to accept the payment authorized
20 by this subsection in lieu of the payment authorized for
21 such farm operation by subsection (a) of this section, the
22 head of such Federal agency shall make a fixed relocation
23 payment to such person in the amount of \$1,000. In the

1 case where the entire farm operation is not acquired by such
2 Federal agency, the payment authorized by this subsection
3 shall be made only if the head of such agency determines
4 that the remainder property is no longer an economic unit.

5 (c) (1) In addition to any amount under subsections
6 (a), (b), (c), and (d) of this section, the head of such
7 Federal agency may pay to or on behalf of any displaced
8 family, displaced elderly individual, or displaced handicapped
9 individual, monthly payments over a period not to exceed
10 twenty-four months in an amount not to exceed \$500 in the
11 first twelve months and \$500 in the second twelve months
12 to assist such displaced family or individual to secure a de-
13 cent, safe, and sanitary dwelling. Subject to the limitation
14 imposed by the preceding sentence, the additional payment
15 shall be an amount which, when added to 20 per centum of
16 the annual income of the displaced individual or family at
17 the time of displacement, equals the average annual rental
18 required for such a decent, safe, and sanitary dwelling of
19 modest standards adequate in size to accommodate the dis-
20 placed individual or family in areas not generally less desir-
21 able in regard to public utilities and public and commercial
22 facilities: *Provided*, That such payment shall be made only
23 to an individual or family who is unable to secure a dwell-
24 ing unit in a low-rent housing project assisted under the
25 United States Housing Act of 1937, or under a State or local

1 program found by the Secretary of Housing and Urban Devel-
2 opment to have the same general purposes as the Federal
3 program under such Act, or a dwelling unit assisted under
4 section 101 of the Housing and Urban Development Act of
5 1965.

6 (2) The Secretary of Housing and Urban Development
7 shall make the determinations under this subsection on the
8 amount of assistance according to family size, family or in-
9 dividual income, average rents required, or similar consid-
10 erations for all agencies making such payments.

11 (3) The additional payments under this subsection may
12 be paid on a lump sum or other than monthly basis in cases
13 in which the small size of the payments that would other-
14 wise be required do not warrant a number of separate pay-
15 ments or in other cases in which other than monthly
16 payments are determined warranted by the head of the
17 Federal agency.

18 (4) No payment received under this subsection shall
19 be considered as income for the purpose of determining
20 the eligibility or the extent of eligibility of any person for
21 assistance under the Social Security Act or any other Fed-
22 eral act.

23 (f) All functions performed under this section shall
24 be subject to the operation of the Act of June 11, 1946
25 (60 Stat. 237), as amended (5 U.S.C. 1001-1011). Any

1 displaced person adversely affected or aggrieved by the
2 operation of this section after the effective date of this Act
3 may institute in the district court of the United States for
4 the judicial district in which such claimant resides or in
5 which such claim first arose an action for the review of such
6 determination. Upon the filing of such action, such court
7 shall have jurisdiction to hear and determine such action and
8 to enter therein such judgment, decree, or order as it shall
9 deem appropriate and may modify such determination upon
10 a showing that such determination was arbitrary, capricious,
11 or in violation of standards applicable to such determinations
12 in similar cases.

13 RELOCATION ASSISTANCE PROGRAMS

14 SEC. 803. (a) If the head of any Federal agency
15 acquires real property for public use in a State, he shall pro-
16 vide a relocation assistance program for displaced persons
17 which shall offer the services described in subsection (c)
18 of this section. If the head of such agency determines that
19 other persons, occupying property adjacent to the real prop-
20 erty acquired, are caused substantial economic injury because
21 of the public improvement for which such property is
22 acquired, he may offer such persons relocation services under
23 such program.

24 (b) Federal agencies administering programs which
25 may be of assistance to displaced persons covered by this

1 Act shall cooperate to the maximum extent feasible with the
2 Federal or State agency causing the displacement to assure
3 that such displaced persons receive the maximum assistance
4 available to them.

5 (c) Each relocation assistance program required by
6 subsection (a) of this section shall include such measures,
7 facilities, or services as may be necessary or appropriate in
8 order (1) to determine the needs of displaced families,
9 individuals, business concerns, and farm operators for re-
10 location assistance; (2) to assure that within a reasonable
11 period of time prior to displacement, there will be available,
12 in areas not generally less desirable in regard to public
13 utilities and public and commercial facilities and at rents
14 or prices within the financial means of the families and in-
15 dividuals displaced, decent, safe, and sanitary dwellings equal
16 in number to the number of, and available to, such displaced
17 families and individuals and reasonably accessible to their
18 places of employment, except that such assurance may be
19 waived during any period of national emergency proclaimed
20 by the President; (3) to assist owners of displaced busi-
21 nesses and displaced farm operators in obtaining and be-
22 coming established in suitable business locations or replace-
23 ment farms; (4) to supply information concerning the Fed-
24 eral Housing Administration home acquisition program
25 under section 221 (d) (2) of the National Housing Act,

1 the small business disaster loan program under section 7
2 (b) (3) of the Small Business Act, and other programs
3 offering assistance to displaced persons; (5) to assist in
4 minimizing hardships to displaced persons in adjusting to
5 relocation; and (6) to assure, to the greatest extent prac-
6 ticable, the coordination of relocation activities with other
7 project activities and other planned or proposed govern-
8 mental actions in the community or nearby areas which may
9 affect the carrying out of the relocation program.

10 (d) Paragraph (3) of section 7 (b) of the Small Busi-
11 ness Act is amended to read as follows:

12 “(3) to make such loans (either directly or in
13 cooperation with banks or other lending institutions
14 through agreements to participate on an immediate or
15 deferred basis) as the Administration may determine to
16 be necessary or appropriate to assist any small business
17 concern in continuing in business at its existing location,
18 in reestablishing its business, in purchasing a business,
19 or in establishing a new business, if the Administration
20 determines that such concern has suffered substantial
21 economic injury as the result of its displacement by, or
22 location in, adjacent to, or near, a federally aided urban
23 renewal project or highway construction program or any
24 other public improvement program conducted by or
25 with funds provided in whole or in part by the Federal

Government or by the States; and the purpose of a loan made pursuant to such project or program may, in the discretion of the Administration, include the purchase or construction of other premises whether or not the borrower owned the premises occupied by the business and,”

STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

SEC. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, such acquisition shall, for purposes of this Act, be deemed an acquisition by the Federal agency having authority over such project and such Federal agency shall make relocation payments, provide relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency.

AUTHORITY OF THE PRESIDENT

SEC. 805. (a) To carry into effect the provisions of this title, the President is authorized to make such rules and regulations as he may determine to be necessary to assure—

(1) that relocation payments authorized by section 802 shall be fair and reasonable and as uniform as practicable;

(2) that a displaced person who makes proper application for a relocation payment authorized for such

1 person by section 802 (a) shall be reimbursed for or
2 paid—

3 (A) his actual and reasonable expenses in
4 moving himself, his family, his business, farm opera-
5 tion, or other personal property, and in the case of
6 a farm operation, for his actual and reasonable ex-
7 penses in searching for a replacement farm;

8 (B) if he disposes of personal property on
9 moving his business or farm operation and replaces
10 such property at the new location, an amount equal
11 to the reasonable expenses that would have been re-
12 quired in moving such personal property to the new
13 location; and

14 (C) such other expenses authorized by section
15 802 (a) as may be provided for in regulations issued
16 under this section;

17 (3) that a displaced person who makes proper
18 application for a relocation payment authorized for such
19 person by this title shall be paid promptly after a move
20 or, in certain hardship cases, the President may, by
21 regulation, authorize advance payment of certain reloca-
22 tion costs;

23 (4) that any person aggrieved by a determination
24 as to eligibility for a relocation payment authorized by

1 this title, or the amount of a payment, may have his
2 application reviewed by the head of the agency; and
3 (5) that a displaced person shall have a reasonable
4 time in which to apply for a relocation payment author-
5 ized by this title.

6 (b) The President may, by regulation, establish a limi-
7 tation on the amount of a relocation payment authorized by
8 section 802 (a) with due consideration for the declaration
9 of policy in this title and the provisions of subsection (a)
10 of this section and section 807 (b) .

11 (c) In order to prevent unnecessary expense and dupli-
12 cation of functions, and to promote uniform and effective
13 administration of relocation assistance programs for dis-
14 placed persons, the President is authorized to require that
15 any Federal agency make relocation payments or provide
16 relocation services, or otherwise carry out its functions under
17 this title, by utilizing the facilities, personnel, and services
18 of any other Federal agency, or by entering into appropriate
19 contracts or agreements with any State agency having an
20 established organization for conducting relocation assistance
21 programs.

22 (d) The President may make such other rules and
23 regulations consistent with the provisions of this title as
24 he deems necessary or appropriate to carry out this title.

FUND AVAILABILITY

SEC. 806. Funds appropriated or otherwise available to any Federal agency for the acquisition of real property or any interest therein shall be available also for obligation and expenditure to carry out the provisions of this title.

PART B.—FEDERALLY ASSISTED PROGRAMS

RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF
AVAILABILITY OF HOUSING

SEC. 807. (a) Notwithstanding any other provision of law, on and after the effective date of this Act, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay the cost in connection with the acquisition of real property or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement with the head of such Federal agency to provide to displaced persons for moves from such real property—

(1) fair and reasonable relocation payments as described in section 802 (a) of this title and in accordance with regulations established by the President under section 805 of this title;

(2) fixed relocation payments in the same amounts

1 and under the same terms and conditions as are required
2 to be made by a Federal agency by subsections 802 (b),
3 (c), (d), and (e) of this title;

4 (3) relocation assistance programs offering the
5 services described in section 803 (c) of this title; and

6 (4) a feasible method for the temporary relocation
7 of families and individuals displaced from the property
8 acquired, and assurance that within a reasonable period
9 of time prior to displacement, there will be available in
10 areas not generally less desirable in regard to public
11 utilities and public and commercial facilities and at rents
12 or prices within the financial means of the families and
13 individuals displaced, decent, safe, and sanitary dwellings
14 equal in number to the number of and available to such
15 displaced families and individuals and reasonably ac-
16 cessible to their places of employment.

17 (b) The cost to a State agency providing the payments
18 and services described in subsection (a) of this section
19 may be included as part of the cost of the project for which
20 Federal financial assistance is available to such State agency,
21 and such State agency shall be eligible for Federal financial
22 assistance with respect to such payments and services in
23 the same manner and to the same extent as with respect to
24 other project costs, except that the Federal agency providing
25 such assistance shall contribute the first \$25,000 of the cost

1 of providing a relocation payment to any displaced person.
2 However, no State agency need agree to make any reloca-
3 tion payment in excess of \$25,000 to any displaced person
4 in order to receive the assistance authorized by the sub-
5 section.

6 (c) In order to prevent unnecessary expenses and du-
7 plication of functions, and to promote uniform and effective
8 administration of relocation assistance programs for dis-
9 placed persons, any agreement by a State agency under sub-
10 section (a) of this section shall provide that such agency
11 may make relocation payments or provide relocation assist-
12 ance or otherwise carry out its functions under this title by
13 utilizing the facilities, personnel, and services of any other
14 State agency having an established organization for conduct-
15 ing relocation assistance programs.

16 (d) Any grant to, or contract or agreement with a State
17 agency executed before the effective date of this Act, under
18 which Federal financial assistance is available to pay the
19 cost in connection with the acquisition of real property, or
20 of the improvement for which such property is acquired,
21 may be amended to include an agreement as described in
22 subsection (a) of this section.

23 (e) If the head of a Federal agency determines that it
24 is necessary for the expeditious completion of a public im-

1 provement for which a State agency has entered into an
2 agreement, as described in subsection (a) of this section, to
3 make relocation payments to displaced persons, or to pro-
4 vide the funds necessary to meet the requirements of section
5 905 (b) (1) of this Act, he may advance the Federal share
6 of such relocation payments and an amount necessary to
7 make the required payments under section 905 (b) (1) to
8 such State agency. Upon determination by the head of such
9 Federal agency that any part of the funds advanced to a
10 State agency under this subsection are no longer required,
11 the amount which he determines not to be required shall be
12 repaid upon demand. Any sum advanced and not repaid on
13 demand shall be deducted from sums otherwise available to
14 such State agency from Federal sources.

15 DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSIST-
16 ANCE UNDER TITLE I OF THE HOUSING ACT OF 1949,
17 AS AMENDED

18 SEC. 808. A person who moves or discontinues his
19 business, or moves other personal property, or moves from
20 his dwelling on or after the effective date of this Act, as a
21 direct result of any project or program which receives
22 Federal financial assistance under title I of the Housing
23 Act of 1949, as amended, shall, for the purposes of this
24 title, be deemed to be a displaced person.

1 SEVERABILITY

2 SEC. 809. If any provision of this title, or the appli-
3 cation thereof to any person or circumstance is held in-
4 valid, the remainder of this title and the application of
5 the provision to other persons or circumstances shall not
6 be affected thereby.

7 ACTS REPEALED

8 SEC. 810. (a) The following laws and parts of laws
9 are hereby repealed:

10 (1) The Act entitled "An Act to authorize the Secre-
11 tary of the Interior to reimburse owners of lands required for
12 development under his jurisdiction for their moving expenses,
13 and for other purposes," approved May 29, 1958 (43 U.S.C.
14 1231-1234).

15 (2) Paragraph 14 of section 203 (b) of the National
16 Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

17 (3) Section 2680 of title 10, United States Code.

18 (4) Section 133 of title 23, United States Code.

19 (5) Section 7 (b) of the Urban Mass Transportation
20 Act of 1964 (49 U.S.C. 1606 (b)).

21 (6) Section 105 (c) of the Housing Act of 1949 (42
22 U.S.C. 1455 (c)).

23 (7) Section 114 of the Housing Act of 1949 (42 U.S.C.
24 1465 (a) - (d)).

25 (8) Paragraph (8) of section 15 of the United States

1 Housing Act of 1937 (42 U.S.C. 1415 (8)), except the
2 first sentence of such paragraph.

3 (9) Section 404 of the Housing and Urban Develop-
4 ment Act of 1965 (42 U.S.C. 3071-3074) .

5 (10) Section 107 of the Demonstration Cities and
6 Metropolitan Development Act of 1966.

7 (b) Any rights or liabilities now existing under prior
8 Acts or portions thereof shall not be affected by the repeal
9 of such prior Acts or portions thereof under subsection (a)
10 of this section.

11 TITLE IX—UNIFORM LAND ACQUISITION POLICY

12 PART A—FEDERAL PROGRAMS

13 UNIFORM POLICY ON LAND ACQUISITION PRACTICES

14 SEC. 901. (a) In order to encourage the acquisition
15 of real property by amicable agreements with owners, to
16 relieve congestion in the courts, to assure consistent treat-
17 ment for owners in the many Federal programs, and to
18 promote public confidence in Federal land acquisition prac-
19 tices, heads of Federal agencies shall, consistent with pro-
20 gram requirements, be guided by the following policies:

21 (1) The head of a Federal agency should make every
22 reasonable effort to acquire real property by negotiated
23 purchase.

24 (2) Real property should be appraised before the
25 initiation of negotiations, and the owner or his designated

1 representative should be given an opportunity to accompany
2 the appraiser during his inspection of the property.

3 (3) Before the initiation of negotiations for property,
4 the head of the Federal agency concerned should establish
5 a price which he believes to be a fair and reasonable con-
6 sideration therefor and should make a prompt offer to acquire
7 the property for the full amount so established.

8 (4) No owner should be required to surrender posses-
9 sion of real property before the head of the Federal agency
10 concerned pays the agreed purchase price, or deposits with
11 the court, in accordance with section 1 of the Act of Febru-
12 ary 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), for the
13 benefit of the owner an amount not less than the appraised
14 fair value of such property as determined by such agency
15 head, or the amount of the award of compensation in the
16 condemnation proceeding for such property.

17 (5) The construction or development of public improve-
18 ments should be so scheduled that no person lawfully occupy-
19 ing real property will be required to move from a dwelling,
20 or to move his business or farm operation without at least
21 ninety days' written notice, if consistent with project require-
22 ments, from the head of the Federal agency concerned, of the
23 date by which such move is required.

24 (6) If the head of the Federal agency concerned does
25 not require a building, structure, or other improvement ac-

1 quired as a part of the real property, he should offer to
2 permit its owner to remove it. As a condition of removal,
3 an appropriate agreement should be required whereby the
4 fair value of such building, structure, or improvement for
5 removal from the real property, as determined by such agen-
6 cy head, will be deducted from the compensation otherwise
7 to be paid for the real property, however such compensation
8 may be determined.

9 (7) If the head of a Federal agency permits an owner
10 or tenant to occupy the real property acquired on a rental
11 basis for a short term or for a period subject to termination
12 by the Government on short notice, the amount of rent
13 required should not exceed the fair rental value of the prop-
14 erty to a short-term occupier.

15 (8) In no event should the head of a Federal agency
16 either advance the time of condemnation, or defer the con-
17 demnation and the deposit of funds in court for the use of
18 the owner, in order to compel an agreement on the price to
19 be paid for the property. If an agency head cannot reach
20 an agreement with the owner, after negotiations have con-
21 tinued for a reasonable time, he should promptly institute
22 condemnation proceedings and, at the same time or as soon
23 thereafter as practicable, file a declaration of taking and
24 deposit funds with the court in accordance with the Act of
25 February 26, 1931 (46 Stat, 1421), if possession is re-

1 quired prior to the entry of the judgment in the condemna-
2 tion proceeding.

3 (9) If an interest in real property is to be acquired by
4 exercise of the power of eminent domain, the head of the
5 Federal agency concerned should, except as to property
6 to be acquired under section 25 of the Tennessee Valley
7 Authority Act of 1933 (48 Stat. 70, as amended; 16 U.S.C.
8 831x), request the Attorney General to institute formal
9 condemnation proceedings. No Federal agency head should
10 intentionally make it necessary for an owner to institute
11 legal proceedings to prove the fact of the taking of his
12 property.

13 (10) If the acquisition of only part of a property
14 would leave its owner with an uneconomic remnant, the
15 head of the Federal agency concerned should acquire the
16 entire property.

17 (11) In determining the boundaries of a proposed
18 public improvement, the head of the Federal agency con-
19 cerned should take into account human considerations, in-
20 cluding the economic and social effects of such determination
21 on the owners and tenants of real property in the area, in
22 addition to engineering and other factors.

23 (b) The provisions of this section, being general
24 policies for the guidance of Federal agencies, shall create
25 no rights or liabilities not otherwise existing or available,

1 nor affect the validity of any property acquisitions by pur-
2 chase or condemnation.

3 COMPENSATION FOR PROPERTY ACQUIRED

4 SEC. 902. If the head of any Federal agency acquires
5 real property for public use in any State or the District of
6 Columbia, by purchase or condemnation, the fair market
7 value of such property shall be paid as compensation therefor
8 unless it is the intention of the seller to convey the property
9 for less than fair market value.

10 BUILDINGS, STRUCTURES, AND IMPROVEMENTS

11 SEC. 903. (a) Notwithstanding any other provisions of
12 law, if the head of a Federal agency acquires land or any in-
13 terest in land for public use in a State, he shall acquire a like
14 interest, or greater interest, in all buildings, structures, or
15 other improvements comprising part of the real property so
16 acquired which are required to be removed from the land or
17 which, in the opinion of such agency head, will be adversely
18 affected by such public use, if such improvements are not
19 required to be removed.

20 (b) As used in this section, the term "real property"
21 means land, or any interest in land, and (1) any building,
22 structure, or other improvement imbedded in or affixed to
23 land, and any article so affixed or attached to such building,
24 structure, or improvement as to be an essential and integral
25 part thereof; (2) any article affixed or attached to such real

1 property in such manner that it cannot be removed without
2 material injury to itself or the real property; and (3) any
3 article so designed, constructed, or specially adapted for the
4 purpose for which such real property is used that (A) it is
5 an essential accessory or part of such real property, (B) it is
6 not capable of use elsewhere, and (C) it would lose sub-
7 stantially all its value if removed from the real property.

8 (c) For the purpose of determining the extent of the
9 acquisition of real property and the valuation thereof, no
10 building, structure, or other improvement shall be deemed
11 to be other than a part of the real property solely because
12 of the right or obligation of a tenant, as against the owner of
13 any other interest in the real property, to remove such
14 building, structure, or improvement at the expiration of his
15 term, and the head of the Federal agency shall pay to the
16 tenant the fair value of the building, structure, or improve-
17 ment, which fair value shall be determined by such agency
18 head as the greatest of (1) the contributive value of the
19 improvement to the present use of the entirety, (2) the cur-
20 rent cost of reproduction less depreciation of the improve-
21 ment, or (3) the value of the improvement for removal from
22 the property.

1 EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED
2 STATES

3 SEC. 904. (a) The head of a Federal agency, not later
4 than the date of payment of the purchase price or the date
5 of deposit of funds to satisfy the award of compensation in a
6 condemnation proceeding to acquire real property, whichever
7 is the earlier, shall reimburse the owner, to the extent the
8 head of such agency deems fair and reasonable, for expenses
9 necessarily incurred for—

10 (1) recording fees, transfer taxes, and similar ex-
11 penses in conveying such real property to the United
12 States;

13 (2) penalty costs for prepayment of mortgage inci-
14 dent to such real property; and

15 (3) the pro rata portion of real property taxes
16 allocable to a period subsequent to the date of vesting
17 title or the effective date of a court order of possession,
18 whichever is the earlier.

19 (b) The determination as to such payments by the
20 head of such agency shall be final and no provision of this
21 section shall be construed to give any person a cause of action

1 in any court, nor may any violation of this section be raised
2 as a defense by such person in any action.

3 PART B.—FEDERALLY ASSISTED PROGRAMS

4 REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREE-
5 MENTS FOR FEDERAL FINANCIAL ASSISTANCE

6 SEC. 905. (a) Notwithstanding any other provision of
7 law, on and after the date of enactment of this Act no
8 grant to or contract or agreement with a State agency, under
9 which Federal financial assistance will be available to pay
10 in whole or in part the cost of the acquisition of real property
11 or of a public improvement for which real property is to be
12 acquired, may be approved by the head of the Federal
13 agency responsible for the administration of such Federal
14 financial assistance unless such State agency has entered into
15 an agreement which shall provide—

16 (1) that every reasonable effort shall be made to
17 acquire the real property by negotiated purchase;

18 (2) that the construction or development of the
19 public improvement will be so scheduled that, to the
20 greatest extent practicable, no person will be required
21 to move from a home, farm, or business location with-
22 out at least ninety days' written notice, if consistent with
23 project requirements, from such State agency of the
24 date by which the move is required; and

25 (3) that it will be the policy of the head of the

1 State agency, before initiating negotiations for real prop-
2 erty, to establish a price which he believes to be a fair
3 and reasonable consideration therefor, and to make a
4 prompt offer to acquire the property for the full amount
5 so established.

6 (b) Notwithstanding any other provision of law, on
7 and after January 1, 1970, no grant to, or contract or agree-
8 ment with a State agency, under which Federal financial
9 assistance will be available to pay in whole or in part the
10 cost of the acquisition of real property, or of a public im-
11 provement for which real property is to be acquired, may
12 be approved by the head of the Federal agency responsible
13 for the administration of such Federal financial assistance,
14 unless such State agency has entered into the agreements
15 described in subsection (a) of this section and has agreed—

16 (1) that no owner will be required to surrender
17 possession of real property before the head of the State
18 agency (A) pays the agreed purchase price, (B) makes
19 available to the owner, by court deposit or otherwise,
20 an amount not less than 75 per centum of the appraised
21 fair value of such property, as approved by such State
22 agency head, without prejudice to the right of the owner
23 to contest the amount of compensation due for the prop-
24 erty, or (C) deposits or pays the final award of com-

1 pensation in the condemnation proceeding for such
2 property;

3 (2) that any decrease in the value of real property
4 prior to the date of valuation caused by the public im-
5 provement for which such property is acquired, or by
6 the likelihood that the property would be acquired for
7 the proposed public improvement, other than that due
8 to physical deterioration within the reasonable control of
9 the owner, will be disregarded in determining the com-
10 pensation for the property; and

11 (3) that for the purposes of determining the extent
12 of the acquisition of real property and the value thereof,
13 no building, structure, or other improvement will be
14 deemed to be other than a part of the real property solely
15 because of the right or obligation of a tenant, as against
16 the owner of any other interest in the real property, to
17 remove such building, structure, or improvement, and
18 that an amount not less than the value which such build-
19 ing, structure, or improvement contributes to the value
20 of the real property acquired, or the value of such build-
21 ing, structure, or improvement for removal from the real
22 property, whichever is the greater, will be paid to the
23 tenant therefor.

PROVISIONS REPEALED

1
2 SEC. 906. Effective on January 1, 1970, sections 401,
3 402, and 403 of the Housing and Urban Development Act of
4 1965 are hereby repealed.

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

By Mr. MUSKIE, Mr. BOEGS, Mr. ERVIN, Mr. JACKSON,
Mr. LONG of Missouri, Mr. MCGOVERN, Mr. MOSS,
and Mr. MUNDT

JANUARY 26, 1967

Read twice and referred to the Committee on
Government Operations

pumping plants and appurtenant facilities: *Provided*, That construction of the Weiser River division shall not be undertaken until the Secretary has submitted his report and finding of feasibility on this division, including a reevaluation of the proposed Goodrich Dam, to the President and to the Congress; and

Bruneau Division

(d) To construct, operate, and maintain the Bruneau Division, including the Wickahoney unit, of the project, providing a supply of irrigation water to approximately two hundred and forty thousand acres of land. The principal features of the division shall consist of Grindstone Butte Dam and Reservoir on Deadman Creek, Clear Lakes Dam and Reservoir on the Snake River, other diversion dams, reservoirs, canals, and pumping plants and appurtenant facilities: *Provided*, That construction of the Bruneau division shall not be undertaken until the Secretary has submitted his report and finding of feasibility on this division to the President and to the Congress.

SEC. 2. The authority contained in section 1(d) of this Act shall constitute the authority required under Public Law 89-72 to initiate the feasibility studies of the Bruneau division of the southwest Idaho water development project in the Snake River Basin in Twin Falls, Elmore, and Owyhee Counties, Idaho, including the Wickahoney unit.

SEC. 3. In carrying out investigations under the authority of this Act, the Secretary shall expedite completion of feasibility reports on the Garden Valley, Weiser River, and Bruneau divisions of the southwest Idaho water development project, and shall submit the feasibility report of the Garden Valley division to the Congress by January 1, 1969. The exchange of water in connection with the operation of the project authorized by this Act shall in no way jeopardize, diminish, or otherwise alter contractual rights and obligations now in existence, and shall not exceed 600,000 acre-feet annually from the Payette River Basin.

SEC. 4. The period provided in subsection (d) of section 9 of the Reclamation Project Act of 1939, as amended, for repayment of construction costs properly allocable to any block of lands and assigned to be repaid by the irrigators may be extended to fifty years, exclusive of a development period, from the time water is first delivered to that block, or as near that number of years as is consistent with the adoption and operation of a repayment formula as therein provided. Power and energy for operation of project pumping and other electrical facilities shall be supplied from the project power facilities and from the Federal Columbia River power system at charges to the water users as established by the Secretary. Costs allocated to irrigation in excess of the amount determined by the Secretary to be within the ability of the irrigators to repay within a fifty-year period shall be returned to the reclamation fund from revenues derived by the Secretary from the disposition of power marketed through the Bonneville Power Administration.

SEC. 5. The Secretary is authorized, as part of the project, to construct, operate, and maintain or otherwise provide for public outdoor recreation and fish and wildlife enhancement facilities, to acquire or otherwise make available such adjacent lands or interests therein as are necessary for public outdoor recreation or fish and wildlife use, and to provide for public use and enjoyment of project lands, facilities, and water areas in a manner coordinated with the other project purposes.

SEC. 6. No lands may be acquired for any of the purposes herein authorized without the consent of the owner thereof except lands that are within three hundred feet of the maximum flowage line of project waters measured horizontally therefrom.

SEC. 7. In order to maintain the local tax base, the Secretary of the Interior and the Secretary of Agriculture shall make available and shall sell to individuals or organizations described in the Small Tracts Act, as amended (52 Stat. 609; found in 43 U.S.C. 682 a et seq.), reserved lands of the United States within the project area which are chiefly valuable for residence, recreation, business, or community activity purposes. The values of the lands made available under this section shall equal the values of the lands taken. Determination of the values of the lands taken and the lands made available in lieu thereof shall be based upon values as of the date of the taking. Private owners whose lands have been taken for project purposes shall have a right of first preference to purchase such tracts. Each such tract shall not exceed five acres, and no person or organization shall be permitted to purchase more than one such tract except upon a showing of good faith and for reasons satisfactory to the Secretary of the Interior or the Secretary of Agriculture. Lands available for the purpose of this section shall be not less than three hundred feet above project waters measured horizontally from the maximum flowage line of such waters. Sales of such tracts shall be made in accordance with the provisions of the Small Tracts Act, as amended, except as herein modified.

SEC. 8. The interest rate used for purposes of computing interest during construction and interest on the unpaid balance of the capital costs allocated to interest-bearing features of the project shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which construction is initiated, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations, which are neither due nor callable for redemption for fifteen years from date of issue.

SEC. 9. For a period of ten years from the date of enactment of this Act, no water from the project authorized by this Act shall be delivered to any water users for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is in excess of the normal supply as defined in section 301(b)(1) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security.

SEC. 10. The Secretary shall construct, operate, and maintain the southwest Idaho water development project in accordance with the Federal reclamation laws (Act of June 17, 1902 (32 Stat. 388), and Acts amendatory and supplementary thereto), and nothing in this Act shall be construed as affecting or intended to affect or to in any way interfere with the laws of the State of Idaho relating to the control, appropriation, use, or distribution of water made available by the project, or any vested right acquired thereunder, and the Secretary, in carrying out the provisions of this Act, shall proceed in conformity with such laws, and nothing in this Act shall in any way affect any right of the State or of the Federal Government or of any landowner, appropriator, or user of water in, to, or from the project.

SEC. 11. There is hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

SEC. 12. This Act shall be cited as the Southwest Idaho Water Development Project Act of 1967.

The house joint memorial of the Idaho Legislature, presented by Mr. CHURCH, is as follows:

HOUSE JOINT MEMORIAL 7

Joint memorial to the Honorable Senators FRANK CHURCH and LEN B. JORDAN and the Honorable Representatives COMPTON I. WHITE and GEORGE HANSEN

We, your memorialists, the Legislature of the State of Idaho, respectfully represent that:

Whereas in order to provide for the comprehensive development of the Snake River in Idaho for the purposes, among other, of regulating the flow of the Snake River and its tributaries, furnishing water for irrigation and for municipal and industrial purposes, controlling floods, controlling water quality, producing and distributing hydroelectric power, conserving and developing fish and wildlife resources, enhancing outdoor recreation opportunities, and for other purposes, the southwest Idaho water development project is being proposed to promote the development, whether by private effort or by reclamation projects, of the Mountain Home division, the Garden Valley division, the Weiser River division, and the Wickahoney and Bruneau division, as outlined in the Bureau of Reclamation proposal, and other projects, such as supplemental water for the Salmon Falls tracts, that might fall within the area; and

Whereas our congressional delegation has advised us that united support from the State of Idaho is necessary to their efforts in our National Capitol; and

Whereas time is perhaps short for the State of Idaho to start using her waters: Now, therefore, be it

Resolved by the 2d extraordinary session of the 38th session of the Legislature of the State of Idaho, now in session, That we, the Legislature of the State of Idaho, do wholeheartedly endorse the concept of the southwest Idaho water development project as supported by the entire congressional delegation from the State of Idaho; and be it further

Resolved, That the secretary of state of the State of Idaho be, and he hereby is authorized and directed to forward certified copies of this memorial to Senators FRANK CHURCH and LEN B. JORDAN, and Representatives COMPTON I. WHITE and GEORGE HANSEN, congressional delegates for the State of Idaho.

Passed the house on the 28th day of February 1966.

PETE T. CENARRUSA,
Speaker of the House
of Representatives.

Passed the senate on the 2d day of March 1966.

W. E. DREVLOW,
President of the Senate.

Attest:

DRYDEN M. HILER,
Chief Clerk of the House
of Representatives.

Mr. JORDAN of Idaho. Mr. President, I am happy to join with my distinguished colleague, Senator CHURCH, in introducing legislation to authorize the southwest Idaho water development project.

This multipurpose plan envisions development affecting a 15,500 square mile area in which some 650,000 acres are now successfully irrigated and about 1,400,000 additional acres have characteristics suitable for irrigation. The project will bring about one-half million acres into productive use and furnish supplemental water to some 50,000 acres.

There are now more than 200,000 people living in the project area. This number should double when the project is fully developed. But, this project is by no means just for Idaho. The new production from the lands involved will

make a significant positive contribution to our total economy.

The development of land and water resources should not be a partisan political matter. I am very pleased that all the Members of the Idaho congressional delegation are joined in sponsoring this project. It represents a concrete formulation of a vision of the extraordinary potential of developing the arid acres of southwest Idaho which has been held by many men over many long years.

Both Houses of the Idaho Legislature have memorialized the Congress in favor of this development. The Idaho Water Resources Board, the Southwestern Idaho Development Association, the Idaho Reclamation Association, and numerous other organizations in our State have endorsed it. Last fall the House Interior Committee held hearings in Idaho which elicited further expressions of support for it. In fact, it has the nearly unanimous approval of the citizens of Idaho.

Wise stewardship in the management and development of our great land and water resources is a responsibility to the future in which we must not fail. We are all aware that the world's needs for food are rapidly outstripping the ability of present production to fulfill. We do not need to look far ahead to see that in order to avert a crisis of staggering proportions, agricultural output must increase.

The United States in recent times has been in the peculiar position of having to deal with problems of surplus. The measure we introduce here today contains safeguards for the short run against production from this project contributing to commodity surpluses in this country. But, I firmly believe that the days of such problems are numbered.

I believe now is the time to move to combat the growing problem of want from which ultimately even our Nation may not be exempt.

The southwest Idaho water development project is the kind of broad-scale proposal for unlocking the potential productivity of new arable lands which the times require. It is designed to fit into our total comprehensive plans for development in the Snake River Basin. It will be integrated with older projects such as the Boise project as well as with other new development plans such as the southeast Idaho development project formulated by Congressman GEORGE HANSEN and myself. Our goal is the full development of the Snake River Basin. And I feel that I should point out that in order to achieve this goal, we will need to put to beneficial use the total water resource of the Snake above the Weiser gage. The Geological Survey has estimated that under full possible reclamation development the Snake River Basin will be a region of water shortage rather than one of surplus.

The southwest Idaho water development project represents the best kind of multipurpose planning. Irrigation is a major consideration. But the project will also provide hydropower generation, recreation, municipal and industrial water supply, flood control, water quality control, and conservation and development of fish and wildlife resources.

The southwest Idaho water development project is an investment which will be more than repaid. Irrigation costs are reimbursable. The feasibility of a reasonable repayment schedule has been considerably enhanced by the enactment of a Columbia Basin accounting system which permits the application of revenues marketed through the Bonneville Power Administration to all Federal projects in the Columbia River system in the United States. Further, of course, there is the consideration of the sizable long-term returns to the economy which the new production resulting from this project will bring.

The needs for water resource development are such that I feel we must move at all possible speed on the broadest possible front to achieve our comprehensive planning objectives. The southwest Idaho water development project is a major step. But while we pursue Federal development, I believe we must also allow private development to proceed—and to proceed rapidly. Private efforts have already brought under cultivation fully one-half of the 3 million acres now being irrigated in southern Idaho. Where people are willing to expend their own time and money in land and water development we should encourage such initiative.

Presently over 1,000 applications filed by individuals for entry on desert lands in Idaho are pending in the Department of the Interior. The Secretary of the Interior recently rendered a decision and set new criteria for applications which I am hopeful will have the effect of unclogging the administrative logjam which has delayed the processing of these applications for far too long.

In the proposed area of the Bruneau division of the southwest Idaho water development project there is considerable overlap with lands under application for private entry. I believe that no conflict need exist here. I believe we can permit private enterprise to go ahead now in this area.

The bill we are placing before you contains authority for the initiation of feasibility studies on the Bruneau division. I am convinced that these studies can be made taking into account the factor of private development going forward in the area concerned. I have set forth my views in this regard in a letter to the Secretary of the Interior which I ask unanimous consent be included in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 20, 1966.

HON. STEWART L. UDALL,
Secretary of the Interior,
U.S. Department of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: In my letter of December 5, I stated that desert entries in Idaho should be allowed based on their merits. I believe this should apply regardless of whether the lands applied for lie within a proposed reclamation unit.

Persons who have made applications have indicated they are ready, willing and able to develop these lands with private capital in the near future. They will utilize water that is presently unappropriated. The best way to protect water needed in Idaho is to put it to beneficial use. I can see no reason

why putting this land under cultivation should be held back where almost immediate development is possible.

To cite the situation in one area, there are apparent conflicts between some 250 desert entry applications and the proposed Bruneau Division of the Southwest Idaho Water Development Project. In my opinion these entries should be allowed, where they classify as eligible, without delay. Lands in the vicinity of the Bruneau Division have already proven their productivity. They will grow foods that are in increasingly great demand.

The allowance of qualified entries will permit each entryman to farm 320 acres or double that now permitted under the Reclamation Act. This is a more feasible unit under present day conditions.

Approval of entries, no matter where they are located, need not jeopardize the feasibility studies of any proposed division. What is wanted and needed is progress in development on a broad front. Feasibility studies can still go forward on projected units taking into account the development already accomplished. If, at a later date, it appears that the use of lands for private development has reduced the feasibility of broad-scale federal reclamation in a region, it may be possible to bring in additional lands under the Small Reclamation Projects Act which is specifically designed to assist owners of land in small units.

I hope you will move forward promptly in processing all pending desert land entry applications, each according to its individual merits.

Sincerely,

LEN B. JORDAN,
U.S. Senator.

Mr. JORDAN of Idaho. Mr. President, in conclusion, let me reemphasize my reasons for asking this body to give approval for the southwest Idaho water development project.

The project offers an opportunity to increase the irrigated land in a proven locality with unappropriated water. Its costs are largely reimbursable.

The nonreimbursable costs will represent only a small fraction of the dividends from new productivity which the project will create, not only for the people of the area but in tax receipts to the Federal Treasury as well.

The undertaking encompasses multipurpose planning providing a variety of benefits in addition to irrigation. The people of Idaho are united and enthusiastic in support of the project.

By the time construction of this project can be completed, a world faced with a deepening food crisis will welcome the new production the project will provide.

These facts should demonstrate the wisdom of approving the legislation we have placed before you. We are ready to move ahead in this development. I believe we must do so now.

INTERGOVERNMENTAL COOPERATION ACT OF 1967—JANUARY 26, 1967

Mr. MUSKIE. Mr. President, on behalf of myself and Senators JACKSON, BOGGS, MUNDT, and MOSS, I submit, for appropriate reference, a bill entitled the Intergovernmental Cooperation Act of 1967, to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in

an increasingly complex society to improve the administration of grants-in-aid; to provide technical services to State and local governments; to establish a coordinated intergovernmental policy and administration of grants and loans for urban development; to authorize the President to submit to the Congress for its consideration plans for the consolidation of individual categorical grants within broad functional areas; to provide for conformity in Federal acquisition, use, and development of urban land with local government programs; to provide for uniform relocation assistance to persons and businesses affected by federally assisted real property acquisition; and to provide for a uniform land acquisition policy in Federal and federally assisted programs.

I ask unanimous consent that the bill remain at the desk for 10 days to permit other Senators to add their names as cosponsors.

Mr. President, developments in the past year have demonstrated a growing concern for the administration of Federal grant-in-aid programs. These programs, which have been described—and correctly, I think—as the most important vehicle of intergovernmental relations, now number around 220. They are concerned with, and critical to, the development of the resources of this Nation. Their growth over the past two decades is a testament to their acceptance by a vast majority of the American people. Their effects on the development of our human resources, our natural resources, and our community environment are inestimable. They are critical to the development of our Great Society.

However, the administration of this multitude of programs has severely taxed the resources of all levels of government. And the proliferation of Federal grants has put the spotlight on the federal system—that durable, but delicate balance of jurisdictions and powers that has evolved throughout our history.

Since its inception, the Subcommittee on Intergovernmental Relations has carried on a continuing study of the problems of the relationships which operate within our Federal system. In the 89th Congress, the subcommittee considered a number of proposals designed to resolve the problems associated with its findings. Several of these proposals focused on the grant-in-aid device. Others involved the problems of the inequities of property acquisition for public development programs, and the relocation of persons and businesses affected.

The Senate approved legislation in both of these areas during the 89th Congress.

INTERGOVERNMENTAL COOPERATION

First, the Intergovernmental Cooperation Act was passed by the Senate on August 5, 1965. This proposal was designed to achieve the fullest cooperation and coordination of activities between the levels of Government in order to improve the operation of our federal system. As passed by the Senate, the measure would—

First. Authorize full information for the Governors on grants made to their States and would provide for more uni-

form administration of Federal grant funds to the States. It would also improve the scheduling of fund transfers to the States and permit the States to budget Federal grant funds in much the same manner as they budget other revenues;

Second. Provide for Congressional review of future grant programs to insure that such programs are re-examined in a systematic fashion and reconsidered in the light of changing conditions;

Third. Authorize the Federal departments and agencies to render technical assistance and training services to State and local governments on a reimbursable basis;

Fourth. Establish a coordinated intergovernmental urban assistance policy, by requiring local government review of certain applications for Federal aid in urban programs. This provision would serve to strengthen metropolitan planning machinery and encourage more orderly metropolitan growth; and

Fifth. Prescribe a uniform policy of procedure for urban land transactions and use undertaken by the General Services Administration, by requiring consistency of that agency's policies with local zoning regulations and development objectives.

As I mentioned, the Senate unanimously adopted a bill which contained these five provisions. That bill had been introduced with 42 cosponsors, and had drawn broad support from many sources, including national organizations and public officials at all levels of government. Unfortunately, the House of Representatives did not take final action on this measure.

Therefore, the bill I am introducing today contains, in titles I through V and title VII, the measure which received the unanimous consent of the Senate in the last Congress. This is a proposal of utmost importance in the improved functioning of the federal system, particularly as grant-in-aid programs affect that system. It contains all the provisions of H.R. 17955 of the 89th Congress, which the House Subcommittee on Executive and Legislative Reorganization reported to its parent committee in the last week of the 89th Congress. It also includes title V—the Senate-approved provision for periodic review of grant-in-aid programs by the Congress, which the House measure omitted. I believe this provision is a sound management technique which is badly needed and of critical importance to the overall grant system.

CONSOLIDATION OF CATEGORICAL GRANT PROGRAMS

Title VI of the bill I am introducing today contains a new proposal designed to improve the management of grant-in-aid programs. Briefly, it would authorize the President to submit to the Congress plans for the consolidation of individual categorical grants within broad functional areas and to effect the interagency transfer of administrative responsibility for grant programs, subject to the type of congressional veto proviso that governs executive reorganization plans. This proposal would involve the submission to Congress of categorical grant consolidation plans, including such modifications in apportionment formulas

and allocation requirements as the President deems necessary. The Congress would accept the plans or disapprove them in a manner similar to that provided in the Reorganization Act of 1949.

Mr. President, Federal grants-in-aid are unquestionably essential and effective methods of financing and administering essential programs to achieve national objectives. But, because their number and variety have increased so rapidly in recent years, the need for coordination in their administration is persistently acute. It was pointed out, in recent hearings before the Subcommittee on Intergovernmental Relations, that over 220 Federal grants-in-aid to assist State and local governments are now administered by 16 of the 21 departments and agencies of the Federal Government. We have 50 different programs to aid general education; 57 programs for vocational and job training; 35 programs involved in housing; more than 20 programs involving transportation; 27 for utilities and services; 62 for community facilities; 32 for land use; 28 for recreational and cultural facilities.

One relatively simple example of the problems which a number of similar categorical grants produce may be found in Federal grant programs for community water supply, sewers and sewage treatment facilities. Five agencies of the Federal Government are presently involved in administering such grants:

First. The Farmers Home Administration in the Department of Agriculture;

Second. The Department of the Interior's Federal Water Pollution Control Administration;

Third. The Economic Development Administration of the Department of Commerce;

Fourth. The Appalachian Regional Commission (for communities within that Commission's jurisdiction); and

Fifth. The Land and Facilities Development Administration of the Department of Housing and Urban Development.

In this particular group of aids, the agencies concerned have worked out arrangements which are designed to minimize administrative confusion. But during our recent subcommittee hearings, it became evident that confusion continues to characterize the administration of these programs. The simple form 101, by which local officials attempt to present their case for Federal aid, cannot be filled out until the local official has carefully read—and understood—four pages of closely typed instructions. Judging from a number of examples of cases of grant applications from which local officials have had no response—for sometimes as long as 2 years—I think it can safely be said that improvements in their administration are imperative. This may require action beyond voluntary cooperation among the agencies involved.

Title VI of my proposed bill would give the President the authority he needs to consolidate these programs—subject to congressional review—if he determines such action would improve their administration.

Mr. President, this proposed title has been suggested by the Advisory Commis-

sion on Intergovernmental Relations. It has been studied carefully by the Commission's experts, and I believe it merits the Senate's serious consideration. I believe the Congress itself provided a precedent for such a consolidation of programs when it enacted the Comprehensive Health Planning and Public Health Service Amendments of 1966. I hope this proposal will be seriously considered as a means to more effective management of these important grant programs.

UNIFORM RELOCATION

Mr. President, the bill I am introducing today contains two other important titles. The first of these—title VIII—is concerned with a program of uniform relocation assistance for those forced to relocate as a result of the acquisition of real property for Federal and federally aided public improvement programs.

Title VIII is not a new measure in this body. I introduced it as S. 1681 in the 89th Congress. It was passed unanimously by the Senate in July 1966 and subsequently was referred to the House Committee on Public Works, where no action was taken.

Very briefly, this title would provide a policy of uniform treatment for the thousands of individuals who are affected every year by such Government projects as urban renewal and highways.

Mr. President, relocation is a serious and growing problem in the United States. Federal and federally aided programs are displacing approximately 111,000 families and individuals, 18,000 businesses and nonprofit organizations, and 4,000 farm operators each year. The pace of Federal programs indicates this trend will continue. Federally assisted programs alone—mostly urban renewal and highway programs—displace about 96 percent of the families and individuals, 96 percent of the businesses, and 34 percent of the farms affected by land acquisition.

The uniform relocation bill passed by the Senate in the last Congress was the result of an intensive study conducted by the House Select Subcommittee on Real Property Acquisition of the Public Works Committee and by the Advisory Commission on Intergovernmental Relations in cooperation with the U.S. Conference of Mayors, as well as by our own Subcommittee on Intergovernmental Relations.

These studies revealed serious inconsistencies among Federal and federally assisted programs with respect to the amount and scope of relocation payments and advisory assistance. For instance, a homeowner whose property is taken for a federally aided urban renewal project is entitled to moving costs up to \$200. His neighbor, whose property is taken for a federally aided highway program, is also entitled to \$200, but only if the State has authorized participation in the Federal relocation program. Inconsistency in payments for business moving expenses is even greater. Here, the Federal-Aid Highway Act allows such expenses only up to \$3,000, whereas displacement by a federally aided urban renewal project entitles the businessman up to \$25,000 for moving

costs. Finally, urban renewal provides fairly comprehensive advice and counseling to business and individuals; the Federal highway program provides no such service.

Among other findings in the studies to which I referred is the fact that the single greatest problem in relocating families and individuals is the shortage of standard housing for low-income groups. Small businesses—particularly those owned and operated by the elderly, such as "Mom and Pop" grocery stores—are major casualties. They have less capital, find it more difficult to secure outside financing, and need assistance to supplement their energy or spirit to resume business in a new location.

Advisory assistance is of growing importance in the relocation process. The poor, the nonwhite, the elderly, and the small business people all need intensive counseling to prepare them for, and to help them carry out, their move.

With the continued growth of Government property acquisition, there has been more, and more concern that relocation programs be made more uniform, and more equitable. Both Presidents Kennedy and Johnson have expressed concern over the human costs and the lack of uniformity in relocation of both families and business.

Title VIII of the bill I am introducing would establish uniform relocation payments, and advisory assistance programs for those displaced by Federal and federally assisted programs. Compliance with these relocation requirements would be a condition in Federal grants to State and local governments. The bill would impose on all federally assisted programs the present urban renewal requirement that no property acquisition project may proceed until there is assurance of available standard housing for those displaced.

It would provide full Federal reimbursement of relocation payments up to a maximum of \$25,000; and above that, Federal sharing according to the project's cost-sharing formula. Urban renewal and public housing now pay up to \$25,000, fully reimbursed by the Federal Government, for business moving expenses. The Federal highway program now allows only up to \$3,000 for businesses reimbursed by the Federal Government on a 90-10 basis for interstate, and 50-50 for primary-secondary highways. Today's measure would thus make Federal reimbursement 100 percent up to \$25,000, and would assure that relocation payments will be made by those States where highway displacees are not now entitled to such payments.

Mr. President, I believe the features of this relocation assistance title of the bill I am introducing today, which were passed unanimously by this body last summer, are of utmost importance to the welfare of those who are adversely affected by Federal and federally assisted programs.

URBAN LAND ACQUISITION POLICY

The final title of this legislation—title IX—provides for the establishment of a uniform policy for the acquisition of real property by Federal Government agencies and by State agencies using Federal funds for public improvement programs.

Mr. President, this title follows the legislative recommendation introduced by Senator SPARKMAN in the last Congress as S. 1201. His original proposal combined both a relocation assistance program and one dealing with a uniform acquisition policy for real estate in Federal and federally assisted programs. It is the latter of these two proposals by Senator SPARKMAN that is incorporated in title IX. Hearings were held on this proposal before the Subcommittee on Intergovernmental Relations in late June and early July of 1965. Title IX was drafted to include most of the recommendations made to the subcommittee by the Departments of Defense, Commerce, and Justice, and the Bureau of the Budget.

As I mentioned in my discussion of the need for uniform relocation assistance policy in Federal and federally assisted programs, growing activity in development programs aided by Federal funds will continue to affect large numbers of property owners each year.

Studies, particularly the one conducted by the Select Subcommittee on Real Property Acquisition, reveal that widespread and serious inequities are found in the acquisition of real property in public development programs. The select subcommittee's study revealed that, in many cases, Federal agencies acquired land at less than the agency-approved appraisals. This is true of some acquisitions by States and localities using Federal funds.

In some jurisdictions, it was found that property owners are, in effect, penalized for lowered market values which result from preliminary announcement of a proposed project; in other instances, the public is compelled to pay higher prices for properties whose values are increased by announcements of a proposed project.

Mr. President, title IX of this bill would institute a uniform policy to guide Federal and federally aided land acquisitions. This is a matter of equity which ought to be an overriding consideration in such acquisitions.

I should say that this title, so far, has not yet been formally endorsed by the Senate as have most of the other titles in the bill. But I believe it is of utmost importance in restoring a measure of assurance to property owners faced with acquisition of their property by the Government. They should be able to expect equitable treatment.

Mr. President, I realize that the bill I am introducing is long and, at first glance, complicated. But as I have said, most of its provisions have already been accepted—unanimously—by this body. Only titles VI and IX are new, and I hope they will be thoroughly studied by all Members.

Mr. President, I ask unanimous consent that the text of the bill be reprinted in the RECORD at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, and held at the desk, as requested by the Senator from Maine.

The bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in

order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic Congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, introduced by Mr. MUSKIE (for himself, Mr. BOGGS, Mr. JACKSON, Mr. MUNDT, and Mr. MOSS), was received, read twice by its title, referred to the Committee on Government Operations, and ordered to be printed in the RECORD, as follows:

S. 698

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Intergovernmental Cooperation Act of 1967."

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation; and for the purposes of title VIII, the Architect of the Capitol.

STATE

SEC. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State. For the purposes of title VIII and title IX the term "State" does include such political subdivisions.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (1) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL FINANCIAL ASSISTANCE

SEC. 107. The term "Federal financial assistance" does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means special statistical and other studies and compilations, development projects, technical tests and evaluation, technical information, training activities, surveys, reports, documents, and any other similar service functions which the Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning," except in title VI, includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programming of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

URBAN DEVELOPMENT

SEC. 110. "Urban development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

STATE AGENCY

SEC. 111. For the purposes of titles VIII and IX, the term "State agency" means any agency or instrumentality created by a State, or by a political subdivision of a State or by agreement between two or more States or by two or more political subdivisions of a State or States.

HEAD OF AGENCY

SEC. 112. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

DISPLACED PERSON

SEC. 113. The term "displaced person" means—

(1) any person who is the owner of a business which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(2) any person who is the farm operator of a farm operation which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(3) any individual who is the head of a family which moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or which moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency of other real property on which such family conducts a business or farm operation;

(4) any individual, not a member of a family, who moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or who moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency, of other real property on which such individual conducts a business or farm operation; and

(5) any individual, not described in paragraph (1), (2), (3), or (4) of this section, who moves his personal property from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency; *Provided*, That this shall not include the owner of property on the premises of another under a lease or licensing arrangement where such owner is required pursuant to such lease or license to move such property at his own expense.

BUSINESS

SEC. 114. The term "business" means any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the sale of services to the public; or (4) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale for gain.

FARM OPERATION

SEC. 115. The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

FARM OPERATOR

SEC. 116. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

FAMILY

SEC. 117. The term "family" means two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

ELDERLY INDIVIDUAL

SEC. 118. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 119. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the mean-

ing of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 120. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

OWNER AND PERSON

SEC. 121. The terms "owner" and "person" mean any individual, and any partnership, corporation, or association.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION OF FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States shall, upon request, notify in writing the Governor or other official designated by him, or the State legislature, of the purpose and amounts of actual grants-in-aid to the State.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organizational arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment to the department or agency by the unit of government making the request, of salaries and all computable overhead and indirect costs of performing such services: *Provided*, however, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations, determines may be provided by Federal departments and agencies. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged, or to the appropriation currently available for the cost of similar services.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF GRANTS FOR URBAN DEVELOPMENT

DECLARATION OF URBAN ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation, its strength in world affairs and the achievement of satisfactory levels of living depend in large

degree upon the sound and orderly development of urban communities. In pursuit of this basic objective, the President shall establish rules and regulations for uniform application in the formulation, evaluation, and review of urban development programs and projects for the provision of federally aided urban facilities, and Federal projects having a significant impact on the development of urban and urbanizing communities. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives of urban development, and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

(1) Appropriate land uses for residential, commercial, industrial, governmental, institutional, and other purposes.

(2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

(3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

(4) Adequate outdoor recreation and open space;

(5) Protection of areas of unique natural beauty, historical and scientific interest;

(6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes;

(7) Any other objective through which urban development activities can contribute to the economic, social, and cultural development of the Nation, its strength in world affairs, and the achievement of enhanced levels of living; and

(8) Concern for high standards of design.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning urban development programs and projects. Regional, State, and local government objectives shall be considered and evaluated within a framework of national public objectives, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State and local government comprehensive planning for urban development. Consideration shall be given to all developmental aspects of the total urban community, including but not limited to housing, transportation, economic development, natural resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering an urban development aid program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and made part of comprehensive local and areawide urban development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid for urban development, heads of Federal de-

parments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid for urban development to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 501. It is the purpose and intent of this title to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grants-in-aid as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment; and (3) grant programs are terminated when they have substantially achieved their purpose. It is further the purpose and intent of this title to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in the operation thereof.

EXPIRATION OF GRANT-IN-AID PROGRAMS

SEC. 502. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid to two or more States or to political subdivisions of two or more States and no expiration date for such authority is specified by law, and such grant is not specifically exempted from the provisions of this title, then the authority to make grants-in-aid by reason of such Act to States, political subdivisions, and other beneficiaries from funds not therefore obligated shall expire not later than June 30 of the fifth calendar year which begins after the effective date of such Act.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

SEC. 503. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid over a period of three or more years to two or more States or to political subdivisions of two or more States, then during the period beginning not later than twelve months immediately preceding the date on which such authority is to expire, the committees of the Senate and of the House to which legislation extending such authority would be referred shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made with a view to ascertaining, among other matters of concern to the committees, the following:

- (1) The extent to which the purposes for which the grants-in-aid are authorized have been met;
- (2) The extent to which such programs can be carried on without further financial assistance from the United States;
- (3) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and require-

ment applicable thereto, to conform to recommendations by the Comptroller General under section 504, should be made;

(4) Whether or not any changes in purpose, direction, or administration of the original program should be made in the light of reports and recommendations submitted on request by the Advisory Commission on Intergovernmental Relations; and

(5) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

Each such committee shall report the results of its investigation and study to its respective House not later than one hundred and twenty days before such authority is due to expire.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 504. The Comptroller General shall make continuing studies of presently existing and all future programs for grant-in-aid assistance from the Federal Government to the States or their political subdivisions concerning the extent to which programs conflict and duplication can be eliminated and more effective, efficient, economical, and uniform administration of such programs could be achieved by changing certain requirements and procedures applicable thereto.

In reviewing such programs the Comptroller General shall consider, among other relevant matters, the equalization formulas, and the budgetary, accounting, reporting, and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 505. Upon request of any committee referred to in section 503, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380 as amended) shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 506. (a) Each State or political subdivision thereof receiving assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification, or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant may prescribe, including records which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The head of the Federal agency administering such grant and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients that are pertinent to the grants received.

TITLE VI—CONSOLIDATION OF GRANT-IN-AID PROGRAMS

STATEMENT OF PURPOSE

SEC. 601. (a) The President shall from time to time examine the various programs of grants-in-aid provided by law and shall determine what consolidations are necessary or desirable—

(1) to promote the better execution and efficient management of individual grant programs within the same functional area;

(2) to provide better coordination among individual grant programs within the same functional area; or

(3) to promote more efficient planning and use by the recipients of grants under programs within the same functional area.

(b) The Congress declares that the public interest demands the carrying out of the purposes of subsection (a) and that the purposes may be accomplished in great measure by proceeding under this title, and can be accomplished more speedily thereby than by the enactment of specific legislation.

PREPARATION AND TRANSMITTAL OF PLAN

SEC. 602. (a) When the President, after investigation, finds that a consolidation of individual grant-in-aid programs within the same functional area is necessary or desirable to accomplish one or more of the purposes set forth in section 601(a), he shall prepare a grant consolidation plan for the making of such consolidation, and shall transmit such plan (bearing an identification number) to the Congress, together with a declaration that with respect to each individual program consolidated under such plan, he has found that the consolidation is necessary or desirable to accomplish one or more of the purposes set forth in section 601(a). Each such consolidation plan so transmitted—

(1) shall place responsibility in a single agency for administration of the consolidated program, and

(2) shall specify in detail the formula or formulas for the making of grants under the consolidated program, and shall set forth the differences between such formula or formulas and the formula for making grants under each of the individual programs consolidated under such plan.

(b) Each grant consolidation plan shall provide for only one consolidation of individual grant programs.

(c) The President shall have a grant consolidation plan delivered to both Houses on the same day and to each House while it is in session.

CONGRESSIONAL CONSIDERATION

SEC. 603. (a) Except as otherwise provided in subsection (c), a grant consolidation plan shall become effective at the end of the first period of ninety calendar days of continuous session of the Congress after the date on which the plan is transmitted to it unless, between the date of transmittal and the end of the ninety-day period, either House passes a resolution stating in substance that the House does not favor the grant consolidation plan.

(b) For purposes of subsection (a)—

(1) continuity of session is broken only by an adjournment of the Congress sine die, and

(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the ninety-day period.

(c) Under provisions contained in a grant consolidation plan, a provision of such plan may become effective at a time later than the date on which such plan becomes effective under subsection (a).

(d) A grant consolidation plan which becomes effective shall be printed (1) in the Statutes at Large in the same volume as the public laws and (2) in the Federal Register.

SEC. 604. (a) This section is enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b); and it supersedes other rules only to the extent that it is inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) The provisions of sections 910 through 913 of title 5 of the United States Code shall apply with respect to a grant consolidation plan and, for such purposes—

(1) all references in such sections to "re-organization plan" shall be treated as referring to "grant consolidation plan", and

(2) all references in such sections to "resolution" shall be treated as referring to a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the ----- does not favor the grant consolidated plan numbered ----- transmitted to the Congress by the President on -----, 19--", the first blank therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled.

EXPIRATION DATE

SEC. 605. The authority of the President under section 602 to transmit grant consolidation plans shall expire three years after the date of the enactment of this Act.

TITLE VII—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 701. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall be consistent with zoning and land-use practices and shall be made to the greatest extent in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal of or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practical extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change use by such unit of government upon the ground that the proposed acquisition of use conflicts or would conflict with the zoning regulations or planning objectives of such units; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities including transportation facilities, together with long-range fiscal plans for such development;

"(2) programing of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvement to be constructed in the earlier years of the program;

"(3) coordination of all related plans of the department or subdivisions of the government concerned;

"(4) intergovernmental coordination of related planning activities among the State and local governmental agencies concerned; and

"(5) preparation of regulatory and administrative measures in support of the foregoing."

TITLE VIII—UNIFORM RELOCATION ASSISTANCE

DECLARATION OF POLICY

SEC. 801. The purpose of this Act is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs. Such a policy shall be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

PART A.—FEDERAL PROGRAMS

RELOCATION PAYMENTS

SEC. 802. (a) If the head of any Federal agency acquires real property for public use in a State, he shall make fair and reasonable relocation payments to displaced persons in accordance with the regulations established by the President under section 805 of this Act.

(b) If any displaced person who moves or discontinues his business elects to accept the payment authorized by this subsection in lieu of the payment authorized for such business by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in an amount equal to the average annual net earnings of the business, or \$5,000, whichever is the lesser. No payment shall be made under this subsection unless the head of such agency is satisfied that the business (1) cannot be relocated without a substantial loss of its existing patronage, and (2) is not part of a commercial enterprise having at least one other establishment, not being acquired by the United States, which is engaged in the same or similar business. For purposes of this subsection, the term "average annual net earnings" means one-half of any net earnings of the business, before Federal, State, and local income taxes, during the two taxable years immediately preceding the taxable year in which such business moves from the real property acquired by the United States and includes any compensation paid by the business to the owner, his spouse, or his dependent children during such two-year period. Such earnings and compensation shall be established by Federal income tax returns filed by such business and its owner and his spouse and dependent children for such two taxable years.

(c) If any displaced person who moved from a dwelling elects to accept the payments authorized by this subsection in lieu of the payments authorized by subsection (a) of this section for moving from such dwelling, the head of such Federal agency shall make the following fixed relocation payments to such person:

(1) A moving expense allowance, determined according to a schedule established by the head of such agency, not to exceed \$200;

(2) A dislocation allowance equal to the amount paid under paragraph (1) of this subsection or \$100, whichever is the lesser;

(3) An additional payment of \$300 if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement except that such displaced person shall only be eligible for payment under this subsection when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or

other type of long-term lease equivalent to fee ownership; and

(d) If any displaced person who moves or discontinues a farm operation elects to accept the payment authorized by this subsection in lieu of the payment authorized for such farm operation by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in the amount of \$1,000. In the case where the entire farm operation is not acquired by such Federal agency, the payment authorized by this subsection shall be made only if the head of such agency determines that the remainder property is no longer an economic unit.

(e) (1) In addition to any amount under subsections (a), (b), (c), and (d) of this section, the head of such Federal agency may pay to or on behalf of any displaced family, displaced elderly individual, or displaced handicapped individual, monthly payments over a period not to exceed twenty-four months in an amount not to exceed \$500 in the first twelve months and \$500 in the second twelve months to assist such displaced family or individual to secure a decent, safe, and sanitary dwelling. Subject to the limitation imposed by the preceding sentence, the additional payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average annual rental required for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family in areas not generally less desirable in regard to public utilities and public and commercial facilities: *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rental housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Secretary of Housing and Urban Development to have the same general purposes as the Federal program under such Act, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965.

(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the amount of assistance according to family size, family or individual income, average rents required, or similar considerations for all agencies making such payments.

(3) The additional payments under this subsection may be paid on a lump sum or other than monthly basis in cases in which the small size of the payments that would otherwise be required do not warrant a number of separate payments or in other cases in which other than monthly payments are determined warranted by the head of the Federal agency.

(4) No payment received under this subsection shall be considered as income for the purpose of determining the eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other Federal act.

(f) All functions performed under this section shall be subject to the operation of the Act of June 11, 1946 (60 Stat. 237), as amended (5 U.S.C. 1001-1011). Any displaced person adversely affected or aggrieved by the operation of this section after the effective date of this Act may institute in the district court of the United States for the judicial district in which such claimant resides or in which such claim first arose an action for the review of such determination. Upon the filing of such action, such court shall have jurisdiction to hear and determine such action and to enter therein such judgment, decree, or order as it shall deem appropriate and may modify such determination upon a showing that such determination was arbitrary, capricious, or in vio-

lation of standards applicable to such determinations in similar cases.

RELOCATION ASSISTANCE PROGRAMS

SEC. 803. (a) If the head of any Federal agency acquires real property for public use in a State, he shall provide a relocation assistance program for displaced persons which shall offer the services described in subsection (c) of this section. If the head of such agency determines that other persons, occupying property adjacent to the real property acquired, are caused substantial economic injury because of the public improvement for which such property is acquired, he may offer such persons relocation services under such program.

(b) Federal agencies administering programs which may be of assistance to displaced persons covered by this Act shall cooperate to the maximum extent feasible with the Federal or State agency causing the displacement to assure that such displaced persons receive the maximum assistance available to them.

(c) Each relocation assistance program required by subsection (a) of this section shall include such measures, facilities, or services as may be necessary or appropriate in order (1) to determine the needs of displaced families, individuals, business concerns, and farm operators for relocation assistance; (2) to assure that within a reasonable period of time prior to displacement, there will be available, in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of, and available to, such displaced families and individuals and reasonably accessible to their places of employment, except that such assurance may be waived during any period of national emergency proclaimed by the President; (3) to assist owners of displaced businesses and displaced farm operators in obtaining and becoming established in suitable business locations or replacement farms; (4) to supply information concerning the Federal Housing Administration home acquisition program under section 221(d)(2) of the National Housing Act, the small business disaster loan program under section 7(b)(3) of the Small Business Act, and other programs offering assistance to displaced persons; (5) to assist in minimizing hardships to displaced persons in adjusting to relocation; and (6) to assure, to the greatest extent practicable, the coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community or nearby areas which may affect the carrying out of the relocation program.

(d) Paragraph (3) of section 7(b) of the Small Business Act is amended to read as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in continuing in business at its existing location, in reestablishing its business, in purchasing a business, or in establishing a new business, if the Administration determines that such concern has suffered substantial economic injury as the result of its displacement by, or location in, adjacent to, or near, a federally aided urban renewal project or highway construction program or any other public improvement program conducted by or with funds provided in whole or in part by the Federal Government or by the States; and the purpose of a loan made pursuant to such project or program may, in the discretion of the Administration, include the purchase or construction of other premises whether or not the borrower owned the premises occupied by the business and,"

STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

SEC. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, such acquisition shall, for purposes of this Act, be deemed an acquisition by the Federal agency having authority over such project and such Federal agency shall make relocation payments, provide relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency.

AUTHORITY OF THE PRESIDENT

SEC. 805. (a) To carry into effect the provisions of this title, the President is authorized to make such rules and regulations as he may determine to be necessary to assure:

(1) That relocation payments authorized by section 802 shall be fair and reasonable and as uniform as practicable;

(2) That a displaced person who makes proper application for a relocation payment authorized for such person by section 802(a) shall be reimbursed for or paid—

(A) his actual and reasonable expenses in moving himself, his family, his business, farm operation, or other personal property, and in the case of a farm operation, for his actual and reasonable expenses in searching for a replacement farm;

(B) if he disposes of personal property on moving his business or farm operation and replaces such property at the new location, an amount equal to the reasonable expenses that would have been required in moving such personal property to the new location; and

(C) such other expenses authorized by section 802(a) as may be provided for in regulations issued under this section;

(3) That a displaced person who makes proper application for a relocation payment authorized for such person by this title shall be paid promptly after a move or, in certain hardship cases, the President may, by regulation authorize advance payment of certain relocation costs;

(4) That any person aggrieved by a determination as to eligibility for a relocation payment authorized by this title, or the amount of a payment, may have his application reviewed by the head of the agency; and

(5) That a displaced person shall have a reasonable time in which to apply for a relocation payment authorized by this title.

(b) The President may, by regulation, establish a limitation on the amount of a relocation payment authorized by section 802(a) with due consideration for the declaration of policy in this title and the provisions of subsection (a) of this section and section 807(b).

(c) In order to prevent unnecessary expense and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, the President is authorized to require that any Federal agency make relocation payments or provide relocation services, or otherwise carry out its functions under this title, by utilizing the facilities, personnel, and services of any other Federal agency, or by entering into appropriate contracts or agreements with any State agency having an established organization for conducting relocation assistance programs.

(d) The President may make such other rules and regulations consistent with the provisions of this title as he deems necessary or appropriate to carry out this title.

FUND AVAILABILITY

SEC. 806. Funds appropriated or otherwise available to any Federal agency for the acquisition of real property or any interest therein shall be available also for obligation and expenditure to carry out the provisions of this title.

PART B.—FEDERALLY ASSISTED PROGRAMS
RELOCATION PAYMENTS AND ASSISTANCE; ASSUR-
ANCE OF AVAILABILITY OF HOUSING

SEC. 807. (a) Notwithstanding any other provision of law, on and after the effective date of this Act, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay the cost in connection with the acquisition of real property or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement with the head of such Federal agency to provide to displaced persons for moves from such real property—

(1) fair and reasonable relocation payments as described in section 802(a) of this title and in accordance with regulations established by the President under section 805 of this title;

(2) fixed relocation payments in the same amounts and under the same terms and conditions as are required to be made by a Federal agency by subsection 802 (b), (c), (d), and (e) of this title;

(3) relocation assistance programs offering the services described in section 803(c) of this title; and

(4) a feasible method for the temporary relocation of families and individuals displaced from the property acquired, and assurance that within a reasonable period of time prior to displacement, there will be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and individuals and reasonably accessible to their places of employment.

(b) The cost to a State agency providing the payments and services described in subsection (a) of this section may be included as part of the cost of the project for which Federal financial assistance is available to such State agency, and such State agency shall be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other project costs, except that the Federal agency providing such assistance shall contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. However, no State agency need agree to make any relocation payment in excess of \$25,000 to any displaced person in order to receive the assistance authorized by the subsection.

(c) In order to prevent unnecessary expenses and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, any agreement by a State agency under subsection (a) of this section shall provide that such agency may make relocation payments or provide relocation assistance or otherwise carry out its functions under this title by utilizing the facilities, personnel, and services of any other State agency having an established organization for conducting relocation assistance programs.

(d) Any grant to, or contract or agreement with a State agency executed before the effective date of this Act, under which Federal financial assistance is available to pay the cost in connection with the acquisition of real property, or of the improvement for which such property is acquired, may be amended to include an agreement as described in subsection (a) of this section.

(e) If the head of a Federal agency determines that it is necessary for the expeditious completion of a public improvement for

which a State agency has entered into an agreement, as described in subsection (a) of this section, to make relocation payments to displaced persons, or to provide the funds necessary to meet the requirements of section 905(b)(1) of this Act, he may advance the Federal share of such relocation payments and an amount necessary to make the required payments under section 905(b)(1) to such State agency. Upon determination by the head of such Federal agency that any part of the funds advanced to a State agency under this subsection are no longer required, the amount which he determines not to be required shall be repaid upon demand. Any sum advanced and not repaid on demand shall be deducted from sums otherwise available to such State agency from Federal sources.

DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSISTANCE UNDER TITLE I OF THE HOUSING ACT OF 1949, AS AMENDED

SEC. 808. A person who moves or discontinues his business, or moves other personal property, or moves from his dwelling on or after the effective date of this Act, as a direct result of any project or program which receives Federal financial assistance under title I of the Housing Act of 1949, as amended, shall, for the purposes of this title, be deemed to be a displaced person.

SEVERABILITY

SEC. 809. If any provision of this title, or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of the provision to other persons or circumstances shall not be affected thereby.

ACTS REPEALED

SEC. 810. (a) The following laws and parts of laws are hereby repealed:

(1) The Act entitled "An Act to authorize the Secretary of the Interior to reimburse owners of lands required for development under his jurisdiction for their moving expenses, and for other purposes," approved May 29, 1958 (43 U.S.C. 1231-1234).

(2) Paragraph 14 of section 203(b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

(3) Section 2680 of title 10, United States Code.

(4) Section 133 of title 23, United States Code.

(5) Section 7(b) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1606(b)).

(6) Section 105(c) of the Housing Act of 1949 (42 U.S.C. 1455(c)).

(7) Section 114 of the Housing Act of 1949 (42 U.S.C. 1465(a)-(d)).

(8) Paragraph (3) of section 15 of the United States Housing Act of 1937 (42 U.S.C. 1415(8)), except the first sentence of such paragraph.

(9) Section 404 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3071-3074).

(10) Section 107 of the Demonstration Cities and Metropolitan Development Act of 1966.

(b) Any rights or liabilities now existing under prior Acts or portions thereof shall not be affected by the repeal of such prior Acts or portions thereof under subsection (a) of this section.

TITLE IX.—UNIFORM LAND ACQUISITION POLICY

PART A.—FEDERAL PROGRAMS

UNIFORM POLICY ON LAND ACQUISITION PRACTICES

SEC. 901. (a) In order to encourage the acquisition of real property by amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal programs, and to promote public confidence in Federal land acquisition practices, heads of Federal agencies shall, consistent with program requirements, be guided by the following policies:

(1) The head of a Federal agency should make every reasonable effort to acquire real property by negotiated purchase.

(2) Real property should be appraised before the initiation of negotiations, and the owner or his designated representative should be given an opportunity to accompany the appraiser during his inspection of the property.

(3) Before the initiation of negotiations for property, the head of the Federal agency concerned should establish a price which he believes to be a fair and reasonable consideration therefor and should make a prompt offer to acquire the property for the full amount so established.

(4) No owner should be required to surrender possession of real property before the head of the Federal agency concerned pays the agreed purchase price, or deposits with the court, in accordance with section 1 of the Act of February 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), for the benefit of the owner an amount not less than the appraised fair value of such property as determined by such agency head, or the amount of the award of compensation in the condemnation proceeding for such property.

(5) The construction or development of public improvements should be so scheduled that no person lawfully occupying real property will be required to move from a dwelling, or to move his business or farm operation without at least ninety days' written notice, if consistent with project requirements, from the head of the Federal agency concerned, of the date by which such move is required.

(6) If the head of the Federal agency concerned does not require a building, structure, or other improvement acquired as a part of the real property, he should offer to permit its owner to remove it. As a condition of removal, an appropriate agreement should be required whereby the fair value of such building, structure, or improvement for removal from the real property, as determined by such agency head, will be deducted from the compensation otherwise to be paid for the real property, however such compensation may be determined.

(7) If the head of a Federal agency permits an owner or tenant to occupy the real property acquired on a rental basis for a short term or for a period subject to termination by the Government on short notice, the amount of rent required should not exceed the fair rental value of the property to a short-term occupier.

(8) In no event should the head of a Federal agency either advance the time of condemnation, or defer the condemnation and the deposit of funds in court for the use of the owner, in order to compel an agreement on the price to be paid for the property. If an agency head cannot reach an agreement with the owner, after negotiations have continued for a reasonable time, he should promptly institute condemnation proceedings and, at the same time or as soon thereafter as practicable, file a declaration of taking and deposit funds with the court in accordance with the Act of February 26, 1931 (46 Stat. 1421), if possession is required prior to the entry of the judgment in the condemnation proceedings.

(9) If an interest in real property is to be acquired by exercise of the power of eminent domain, the head of the Federal agency concerned should, except as to property to be acquired under section 25 of the Tennessee Valley Authority Act of 1933 (48 Stat. 70, as amended; 16 U.S.C. 831x), request the Attorney General to institute formal condemnation proceedings. No Federal agency head should intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of his property.

(10) If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the head of the Federal agency concerned should acquire the entire property.

(11) In determining the boundaries of a proposed public improvement, the head of the Federal agency concerned should take into account human considerations, including the economic and social effects of such determination on the owners and tenants of real property in the area, in addition to engineering and other factors.

(b) The provisions of this section, being general policies for the guidance of Federal agencies, shall create no rights or liabilities not otherwise existing or available, nor affect the validity of any property acquisitions by purchase or condemnation.

COMPENSATION FOR PROPERTY ACQUIRED

SEC. 902. If the head of any Federal agency acquires real property for public use in any State or the District of Columbia, by purchase or condemnation, the fair market value of such property shall be paid as compensation therefor unless it is the intention of the seller to convey the property for less than fair market value.

BUILDINGS, STRUCTURES, AND IMPROVEMENTS

SEC. 903. (a) Notwithstanding any other provisions of law, if the head of a Federal agency acquires land or any interest in land for public use in a State, he shall acquire a like interest, or greater interest, in all buildings, structures, or other improvements comprising part of the real property so acquired which are required to be removed from the land or which, in the opinion of such agency head, will be adversely affected by such public use, of such improvements are not required to be removed.

(b) As used in this section, the term "real property" means land, or any interest in land, and (1) any building, structure, or other improvement imbedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential and integral part thereof; (2) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (3) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (A) it is an essential accessory or part of such real property (B) it is not capable of use elsewhere, and (C) it would lose substantially all its value if removed from the real property.

(c) For the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property.

EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED STATES

SEC. 904. (a) The head of a Federal agency, not later than the date of payment of the purchase price or the date of deposit of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(1) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(2) penalty costs for prepayment of mortgage incident to such real property; and

(3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

(b) The determination as to such payments by the head of such agency shall be final and no provision of this section shall be construed to give any person a cause of action in any court, nor may any violation of this section be raised as a defense by such person in any action.

PART B.—FEDERALLY ASSISTED PROGRAMS REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREEMENTS FOR FEDERAL FINANCIAL ASSISTANCE

SEC. 905. (a) Notwithstanding any other provision of law, on and after the date of enactment of this Act no grant to or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement which shall provide—

(1) that every reasonable effort shall be made to acquire the real property by negotiated purchase;

(2) that the construction or development of the public improvement will be so scheduled that, to the greatest extent practicable, no person will be required to move from a home, farm, or business location without at least ninety days' written notice, if consistent with project requirements, from such State agency of the date by which the move is required; and

(3) that it will be the policy of the head of the State agency, before initiating negotiations for real property, to establish a price which he believes to be a fair and reasonable consideration therefor, and to make a prompt offer to acquire the property for the full amount so established.

(b) Notwithstanding any other provision of law, on and after January 1, 1970, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property, or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance, unless such State agency has entered into the agreements described in subsection (a) of this section and has agreed—

(1) that no owner will be required to surrender possession of real property before the head of the State agency (A) pays the agreed purchase price, (B) makes available to the owner, by court deposit or otherwise, an amount not less than seventy-five percent of the appraised fair value of such property, as approved by such State agency head, without prejudice to the right of the owner to contest the amount of compensation due for the property, or (C) deposits or pays the final award of compensation in the condemnation proceeding for such property;

(2) that any decrease in the value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for the proposed public improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property; and

(3) that for the purpose of determining the extent of the acquisition of real property and the value thereof, no building, structure, or other improvement will be deemed to be other than a part of the real property solely

because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement, and that an amount not less than the value which such building, structure, or improvement contributes to the value of the real property acquired, or the value of such building, structure, or improvement for removal from the real property, whichever is the greater, will be paid to the tenant therefor.

PROVISIONS REPEALED

SEC. 906. Effective on January 1, 1970, sections 401, 402, and 403 of the Housing and Urban Development Act of 1965 are hereby repealed.

THE INTERGOVERNMENTAL PERSONNEL ACT OF 1967

Mr. MUSKIE. Mr. President, on behalf of myself and Senators BREWSTER, CLARK, GRUENING, HART, JACKSON, KENNEDY of New York, MCGEE, METCALF, NELSON, and RANDOLPH, I would like to introduce, for appropriate reference, the Intergovernmental Personnel Act of 1967, to strengthen intergovernmental cooperation and the administration of grant-in-aid programs, to extend State and local merit systems to additional programs financed by Federal funds, to provide grants for improvement of State and local personnel administration, to authorize Federal assistance in training State and local employees, to provide grants to State and local governments for training of their employees, to authorize interstate compacts for personnel and training activities, to facilitate the interchange of Federal, State, and local personnel, and for other purposes.

I ask unanimous consent that the bill remain at the desk for 10 days to permit other Senators to add their names as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, for over 3 years the Subcommittee on Intergovernmental Relations, which I chair, has been studying the problems of American federalism in its effort to meet the public demands of our rapidly increasing population. One serious crisis area that we have found involves government manpower at State and local levels. There are not enough competent and professional people employed at these levels to coordinate and implement effective planning and public development programs. A tight professional and technical labor market and an extraordinary lack of personnel, training, and recruitment systems, which discourage good people from choosing a career in State and local governments, all compound the problem.

I am more than ever convinced that the success of our Great Society programs—and indeed perhaps the future of American federalism—largely depends upon whether we recognize and overcome the crisis in governmental manpower. Thus far, we have acted as though this crisis does not exist.

During the past five sessions of Congress we have developed the most impressive package of Federal legislation since the New Deal to attack poverty, ignorance, uneven economic development, discrimination, and urban blight

and sprawl. We have appropriated more money for aid to State and local governments than in all the previous Congresses in our history.

But the success of these programs is only as good as the people who carry them out—in the fastest, most effective way possible. The ultimate burden is on the State and local administrators. They are on the firing line of the Great Society. They must be given every encouragement and assistance to do their work well.

The proposed Intergovernmental Personnel Act of 1967 is designed to provide the first comprehensive Federal aid program for improving and strengthening State and local administration. With some additions, the bill is the same as S. 3408, which I introduced in the last session and on which hearings were held last August. It focuses on four prime problems in the manpower area: merit system requirements; personnel management; in-service training programs; and interchange of Federal, State, and local employees.

TITLE I—MERIT SYSTEMS IN FEDERALLY AIDED PROGRAMS

Title I authorizes the President, as he deems practicable, to require as a condition for receiving funds under Federal grant-in-aid programs that State and local administrative personnel be employed under a merit system meeting Federal standards.

This title also authorizes the President to appoint an "advisory council" composed of representatives of the various levels of government to study and recommend the appropriate personnel standards and to identify those programs to which merit systems should be extended.

The title further requires that the President take such recommendations of the council into consideration in establishing the merit system requirements.

This injection of the role of an advisory council to help the President work out merit system standards came from the hearings, where many knowledgeable witnesses expressed the view that there should be the greatest possible representation of views from the State and local levels in determining merit conditions which must be met.

There is really nothing new or revolutionary in this title. Such requirements have been in effect since 1939, when they were added to such programs as old age assistance, medical assistance for the aged, unemployment compensation, aid and services to needy families with children, and others. In recent years, the requirement has been included in the Older Americans Act of 1965, health insurance for the aged, and medicare. Presently, some 24 programs out of a total of approximately 220 now carry the merit system requirement. The Department of Health, Education, and Welfare administers most of these programs, but grants under the civil defense program are also covered by it. In 1964, the Labor Department's Appropriation Act applied the requirement to the Federal Employment Service.

The Federal Government, nearly all the experts in the field, and 26 States recognize a relationship between attract-

ing and retaining competent public personnel, and the presence of a viable, functioning merit system. Title I is rooted in this relationship, as the following comment of a secretary of internal affairs of a Middle Atlantic State indicates:

... I believe it is generally conceded that in programs where this principle is already applied ... it has had a salutary effect on State and local administration. I can see no objection to this provision, especially since it is provided that the Federal Government shall exercise no authority over the selection, tenure, or compensation of individuals employed in accordance with such an arrangement. ...

Existing Federal efforts to encourage merit systems, however, have not been sufficiently adequate, since they are geared largely to the needs of certain grant programs and certain categories of specialized personnel administering them. State and local efforts have been equally piecemeal and shortsighted. The professional needs of the public service at these levels are simply not being met. The record shows that, of a total of 2 million State employees in 1965, less than a million were under a merit system. In 26 States, only 50 percent of full-time employees were covered, and in 12 States, coverage was minimal. This is only a quantitative picture; the qualitative side is much less known.

Estimates for local personnel are even more unimpressive. A reading of various surveys suggests, however, that the majority of municipalities and nearly all of our counties are dominated by old-style patronage politics or an equally old-style civil service system that emphasizes rigid requirements, job security, and the policing function.

The Municipal Manpower Commission, and more recently the Committee for Economic Development, attempted to come to grips with this problem. The Commission recommended, among other things, that—

The chief executive should be given clear-cut responsibility for personnel administration.

The independent civil service commission, where it exists, should be abolished or limited to an advisory function.

The appointment and advancement of public personnel should be based exclusively on merit principles.

Unfortunately, most local jurisdictions have made little progress in blending these merit and modern management themes into a functioning, politically feasible, and effective personnel system.

One of the recommendations advanced by the Committee for Economic Development in its recent and widely publicized report, "Modernizing Local Government," is a case in point. The report reads:

Personnel practices based on merit and professional competence should replace the personal or partisan "spoils system" found in most counties and many other local units.

Specialized skills are increasingly essential to solution of most governmental problems, whether in highway engineering, public health and sanitation, police and fire protection, education, pollution control, slum clearance, public finance, or in management of such. Skills require training and experience, as well as innate ability. Persons with high skills must be recruited, developed, and utilized effectively. This is unlikely to oc-

cur in a climate of petty partisanship, low salaries and confused authority.

The record shows that the impact of the Federal legislation requiring merit standards has been the primary factor in sustaining the career principle in nearly half the States and in many localities. Moreover, the administration of these requirements has been carried out with a minimum of discomfort and political controversy.

For these reasons, I believe that requirements establishing a system of public employment—operating under public rules and based on competitive examinations, tenure contingent upon successful performance, and promotion on evaluated capacity and service—should be extended to more grant-in-aid programs, such as this title provides. There are, admittedly, problems inherent in attempting to apply merit system requirements across the board, but I feel that the language now worked out in title I will give the President sufficient flexibility and an opportunity to be advised by the States and localities as to the best ways of resolving these problems before they are encountered.

TITLE II—GRANTS FOR STATE AND LOCAL PERSONNEL ADMINISTRATION

Title II authorizes matching grants to State and local governments to help strengthen their personnel management systems. In order to upgrade the core management personnel function at State and local levels, we must first strengthen the professional capabilities of those who recruit, examine, and develop position classification systems and pay scales on an agency-wide basis. Project grants are authorized to cover a wide variety of activities—including the improvement of one or more of the traditional personnel functions, the upgrading of personnel agencies, manpower planning, or the initiation of pilot projects geared to meeting special urban needs.

To be approved, a State program must include designation of a State agency for its administration, provision for a merit system and for State matching funds, and a description of the plan for improving State personnel management. Such a program might include expansion of a State's present merit system; plans to meet the manpower needs in new or expanding State programs; improvement in recruitment, examination, classification, and pay plans; development of auxiliary types of jobs to supplement professional staff in short supply; research and demonstration projects; and interdepartmental and intergovernmental cooperation in personnel administration.

Other sections of this title would extend grant programs for improvement of personnel administration to local governments, both metropolitan and non-metropolitan. As I said earlier, metropolitan governments are facing new and acute problems with limited resources in personnel administration; and, to a lesser degree, this is true of those local governments experiencing rapid growth as a result of their proximity to already-urbanized areas.

The Secretary of Health, Education, and Welfare is assigned the responsibility for administering this program.

Senate

May 8, 1968

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Electrification. "A request for \$500,000 was included in the budget to initiate a national energy study at the direction of the President. The basic purpose of such a study would be to appraise Government policies and programs for all forms of energy--coal, oil, gas, hydro-electric, and nuclear--which are becoming progressively interchangeable and competitive.

"The Committee recognizes that the Government must be assured that its energy policies are rational and reasonably consistent. Qualified experts on the staff of the Office of Science and Technology and in various departments and agencies of the Government should seek the cooperation of industry to bring together information currently available, and perhaps ^{achieve} most of the goals of the study at substantial savings. Accordingly, funds for ~~this study~~ are denied by the Committee at this time."

Assessments. "Last year the Committee expressed its displeasure with a proposal of the Commission to finance the cost of its interagency board program by reimbursements and charges to agencies and departments instead of by direct appropriation. The Committee recognizes the merits of the program, but is of the opinion that the centralized activities should cost less, not more, than the agency boards replaced. The boards are now funded by direct appropriations. The Committee notes that a number of other activities promoted by the Commission are being financed by charges and reimbursements from agencies and departments. Section 307 of the bill specifically prohibits the use of funds for certain interdepartmental boards, commissions, councils, committees, or similar groups which do not have prior and specific Congressional approval."

2. TAXATION; EXPENDITURES. The "Daily Digest" states that the conferees on H. R. 15414, the tax and expenditure-control bill, "announced that agreement had been reached to impose a 10-percent surcharge on income taxes, and to reduce Federal expenditures by \$6 billion." p. D410
3. OIG. Received a GAO report on a review of activities of the Office of the Inspector General, USDA. p. H3516

SENATE

4. EMPLOYMENT. The Labor and Public Welfare Committee reported an original bill, S. 3465, to further promote equal employment opportunities of American workers (S. Rept. 1111). pp. S5154-5
5. FOREIGN TRADE. Sen. Percy inserted several editorials analyzing the "critical situation" confronting the U. S. balance of trade. pp. S5165-8
6. TRANSPORTATION. The Commerce Committee reported with amendment H. R. 15190, to amend the act providing for an investigation to determine a site for a sea-level canal connecting the Atlantic and Pacific Oceans (S. Rept. 1112). p. S5154
Sen. Harris was added as a cosponsor of S. 3410, to establish an advisory commission to make a study and report with respect to freight rates for farm products. p. S5156
7. INTER-AMERICAN DEVELOPMENT BANK. The Foreign Relations Committee voted to report (but did not actually report) H. R. 15364, to provide for increased participation by the U. S. in the Inter-American Development Bank. p. D407

8. CROP INSURANCE. Sen. Nelson praised the Federal crop insurance program in Wis. p. S5162
9. FARMERS HOME ADMINISTRATION. Sen. Gruening praised FHA's role in the development of rural Alaska. pp. S5162-3
10. TAXATION. Sen. Harris inserted an Okla. Legislature resolution urging the continuation of the tax-exempt status of industrial revenue bonds. p. S5163
Sen. Curtis inserted the minority report of the Municipal Industrial Finance Committee, which details matters that support his amendment to prevent the Treasury Department's ruling to eliminate the tax exemption on industrial-type revenue bonds from taking effect. pp. S5179-80
11. WILDERNESS. Sen. Bayh inserted a speech regarding South American "heartlands," which emphasized that the agricultural, industrial, and commercial development of the U. S. was largely dependent on an inflow of foreign capital. pp. S5180-2
12. INTERGOVERNMENTAL COOPERATION. Sen. Muskie inserted amendments intended to be proposed by him to S. 698, the intergovernmental cooperation bill, to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs. pp. S5156-7

EXTENSION OF REMARKS

13. TRADE. Rep. Curtis inserted a speech by the president of the International Economic Policy Ass'n in which he stated that the U. S. must balance the budget to maintain the value of the dollar, and eliminate other-than-tariff barriers in foreign countries that impede U. S. exports. pp. E3903-5
14. RURAL LIFE; FHA. Sen. McGovern paid tribute to Msgr. Louis Miller as "champion of the American farmer", and inserted an FHA memorandum expressing sorrow at his death. pp. E3906-7
15. POTATOES. Rep. Hathaway stated that the potato diversion and purchase programs established by this Department in Jan. "have accomplished their objectives." p. E3913
16. RURAL-URBAN BALANCE. Rep. Stephens inserted Secretary Freeman's speech before the Ass'n County Commissioners of Ga. "directed toward the problem of rural-urban imbalance and the need for regional planning as a means to resolve this problem." pp. E3915-7
17. EMPLOYMENT. Rep. Scheuer inserted a partial transcript of hearings on the proposed equal employment opportunity bill. pp. E3928-30
Rep. Conyers inserted an analysis of the proposed bill. pp. E3949-61
18. POVERTY. Rep. Ashbrook criticized the poverty program and inserted an article, "How Poverty Program Throws Away Dollars." pp. E3969-71

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Pennsylvania.

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. MONRONEY from the Joint Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records, transmitted to the Senate by the Acting Archivist of the United States, dated April 26, 1968, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BIBLE (by request):

S. 3456. A bill to provide that the prosecution of the offenses of disorderly conduct and lewd, indecent, or obscene acts shall be conducted in the name of and for the benefit of the District of Columbia; to the Committee on the District of Columbia.

By Mr. INOUE:

S. 3457. A bill for the relief of Capt. John H. Beaumont, U.S. Air Force Reserve; to the Committee on the Judiciary.

By Mr. CLARK:

S. 3458. A bill for the relief of Natalie Tomassini; to the Committee on the Judiciary.

By Mr. HARRIS (for himself and Mr. MONRONEY):

S. 3459. A bill to name the authorized lock and dam numbered 17 on the Verdigris River in Oklahoma and the lake created thereby for Col. Auguste P. Chouteau; to the Committee on Public Works.

S. 3460. A bill to designate certain lands in the Wichita Mountains National Wildlife Refuge in Oklahoma as wilderness; to the Committee on Interior and Insular Affairs. (See the remarks of Mr. HARRIS when he introduced the above bills, which appear under separate headings.)

By Mr. HARTKE:

S. 3461. A bill to amend the Tariff Schedules of the United States with respect to the tariff classification of invert or high-test molasses, and for other purposes; to the Committee on Finance.

S. 3462. A bill for the relief of Tommy Tung Ming Hall; and

S. 3463. A bill for the relief of Tommy Kin Ip Leung; to the Committee on the Judiciary.

(See the remarks of Mr. HARTKE when he introduced the first above bill, which appears under a separate heading.)

By Mr. LONG of Missouri:

S. 3464. A bill for the relief of Dr. Kenneth Slu; to the Committee on the Judiciary.

By Mr. CLARK:

S. 3465. A bill to further promote equal employment opportunities of American workers; placed on the calendar.

(See the remarks of Mr. CLARK when he reported the above bill, which appear under the heading "Reports of Committees.")

S. 3459—INTRODUCTION OF BILL TO NAME THE LOCK AND DAM NO. 17 ON THE VERDIGRIS RIVER, OKLA., FOR COL. AUGUSTE P. CHOUTEAU

Mr. HARRIS. Mr. President, I introduce, for myself and Mr. MONRONEY, a bill

to authorize the renaming of lock and dam No. 17 on the Verdigris River in Oklahoma and the lake created thereby for Col. Auguste P. Chouteau. Also, Mr. President, I submit for the RECORD a concurrent resolution adopted by the Oklahoma Legislature memorializing members of the Oklahoma congressional delegation to introduce legislation, which I have just offered, to rename lock and dam No. 17, the Chouteau lock and dam, and I respectfully request that the concurrent resolution by the Oklahoma State House of Representatives be printed in its entirety at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the resolution of the Oklahoma State House of Representatives will be printed in the RECORD.

The bill (S. 3459) to name the authorized lock and dam No. 17 on the Verdigris River in Oklahoma and the lake created thereby for Col. Auguste P. Chouteau, introduced by Mr. HARRIS (for himself and Mr. MONRONEY), was received, read twice by its title, and referred to the Committee on Public Works.

The concurrent resolution presented by Mr. HARRIS is as follows:

HOUSE CONCURRENT RESOLUTION 586

A Concurrent Resolution memorializing members of the Oklahoma congressional delegation to the Congress of the United States to introduce legislation which will result in an official designation of a certain lock and dam on the Verdigris River under construction near Okay, as part of the Arkansas River navigation project, as "Chouteau lock and dam"; and directing distribution

Whereas, the Arkansas River Navigation Project that is presently being constructed by the Tulsa District Corps of U.S. Engineers for the purpose of barge navigation of the Verdigris, Arkansas and Mississippi Rivers, and which operation will require the construction of a number of locks and dams; and Whereas, it requires legislation by Congress to rename a lock and dam, and Lock and Dam No. 17, four miles northwest of Okay on the Verdigris River in Wagoner County, has not yet been so designated by Congress; and

Whereas, Col. Auguste P. Chouteau built a complete shipyard at the falls of the Verdigris River near the location of this lock and dam for the construction of large keel boats to transport hides and produce down the Verdigris, Arkansas and Mississippi Rivers to the New Orleans market that reached maximum shipment early in 1824; and

Whereas, the Corps of Engineers has written a letter stating that they have no objection to such designation by Congress and feel that in considering the known history of the area that the name "Chouteau Lock and Dam" be an appropriate name: Now, therefore, be it

Resolved by the House of Representatives of the second session of the thirty-first Oklahoma Legislature, the Senate concurring therein:

Section 1. That members of the Oklahoma Congressional Delegation introduce legislation in the Congress of the United States officially designating Lock and Dam No. 17, now under construction on the Verdigris River as a part of the Arkansas River Navigation project, as "Chouteau Lock and Dam" to honor the family who visioned the feasibility of navigation of these streams for commercial purposes and brought it to fruition.

Section 2. That duly authenticated copies of this Resolution, after consideration and enrollment, shall be prepared for and sent

to C. E. Chouteau, Oklahoma City, Oklahoma, and other known descendants of Jean Pierre Chouteau and Col. Auguste P. Chouteau.

S. 3460—INTRODUCTION OF BILL TO DESIGNATE CERTAIN LANDS IN THE WICHITA MOUNTAINS NATIONAL WILDLIFE REFUGE IN OKLAHOMA AS WILDERNESS

Mr. HARRIS. Mr. President, I introduce, for myself and my colleague, Mr. MONRONEY, a bill to designate certain lands in the Wichita Mountains Wildlife Refuge in Oklahoma as wilderness areas.

Mr. President, the Department of Interior last year conducted hearings in Lawton, Okla., concerning a proposal to designate certain lands within the Wichita Mountains Wildlife Refuge as wilderness in order to assure the retention of these lands in their natural state. On the basis of recommendations made at the hearings, the Department of Interior has decided to designate as wilderness areas some 8,900 acres within the boundaries of the Wichita Mountains Wildlife Refuge. These sections of the wildlife refuge afford excellent opportunities for scientific study and related educational activities, as well as for viewing this portion of our State in its natural setting. The Wichita Mountains Wildlife Refuge is an outstanding recreational facility for the people of southwestern Oklahoma and surrounding States and the establishment of a wilderness area within the refuge will certainly benefit large numbers of people who are interested in viewing the wonders of nature completely void of man-made constructions.

I would hope, Mr. President, that the bill can be enacted by the Senate with a minimum amount of delay.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3460) to designate certain lands in the Wichita Mountains National Wildlife Refuge in Oklahoma as wilderness, introduced by Mr. HARRIS (for himself and Mr. MONRONEY), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

S. 3461—INTRODUCTION OF BILL TO CORRECT THE TARIFF SCHEDULE FOR INVERT MOLASSES

Mr. HARTKE. Mr. President, I am today introducing a bill which would amend item 155.40 of the Tariff Schedules of the United States by adding within that classification the words "and invert or high-test molasses."

Under the Tariff Act of 1930 invert molasses was counted under this classification. But it is not, strictly speaking, molasses—it was in that spot under the doctrine of similitude. It is not imported for human consumption or for the commercial extraction of sugar.

The 1962 Tariff Classification Act did not make a special niche for this product, either. But it does carry a classification intended to be applicable to certain liquid sugars. As the tariff classification study on which the act was based makes

clear, there was no intention to increase the duty on invert molasses.

However, under the similitude doctrine it was possible for the Customs Bureau to rule, and it has done so, that invert molasses belongs in the new items 155.30 and 155.35—in short, as a liquid sugar, to be nontechnical about it. This carries a duty rate 30 times as high, or 2.9 cents per gallon, and imposes an unwarranted excessive burden on users. The bill I offer would clarify the situation by making a specific place for this product in the classification, so that interpretations of "similitude" would not be necessary.

I might add that invert molasses is not made in this country, and that it is used only commercially in industrial manufacture. Its primary source is the Dominican Republic, and its previous—and under the bill, its restored—duty rate of 0.012 cents per pound is one to which we agreed in trade negotiations in 1949 and 1956. Thus, the higher rate under the Bureau of Customs ruling puts us in the position of violating an agreement with all members of GATT, under which we received reciprocal concessions for reducing the rate from 0.03 cents per pound.

Although Treasury has contended that under the present law the action of Customs in ruling as it has is correct, it supports this legislation in the belief that the change came about as an oversight. It also supports the retroactive application of the old rather than the higher rate, and so does the Department of State and the Office of International Trade. Also included in the bill is a provision for relief on eight entries of sugars in 1967 used in producing industrial alcohol, imported in the belief that they were dutiable at the lower rate because they were "not used for human consumption or for the commercial extraction of sugar."

When tariff matters are in consideration before the Finance Committee, I hope and trust that this bill for correction of an inadvertence will be adopted.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3461) to amend the Tariff Schedules of the United States with respect to the tariff classification of invert or high-test molasses, and for other purposes, introduced by Mr. HARTKE, was received, read twice by its title, and referred to the Committee on Finance.

ADDITIONAL COSPONSOR OF BILL

Mr. BYRD of West Virginia. Mr. President, on behalf of the Senator from North Dakota [Mr. BURDICK], I ask unanimous consent that, at its next printing, the name of the Senator from Oklahoma [Mr. HARRIS] be added as a cosponsor of the bill (S. 3410) to establish an advisory commission to make a study and report with respect to freight rates for farm products, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMEMORATION OF THE 100TH ANNIVERSARY OF THE ESTABLISHMENT OF YELLOWSTONE NATIONAL PARK—ADDITIONAL COSPONSORS OF JOINT RESOLUTION

Mr. BYRD of West Virginia. Mr. President, I should like to read the following statement on behalf of the Senator from Washington [Mr. JACKSON]:

Mr. JACKSON. Mr. President, on May 1 I introduced, in behalf of the Senator from North Dakota [Mr. BURDICK], the Senators from Wyoming [Mr. HANSEN and Mr. MCGEE], and myself, S.J. Res. 164, To commemorate the one hundredth anniversary of the establishment of Yellowstone National Park by providing for the National Park Centennial, and for other purposes.

Today I ask unanimous consent that at the next printing of the joint resolution, the names of the Senators from Montana [Mr. MANSFIELD and Mr. METCALF] be added as cosponsors.

On behalf of the Senator from Washington [Mr. JACKSON], I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 287—RESOLUTION TO PAY A GRATUITY TO MARY N. BELL—REPORT OF A COMMITTEE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported the following original resolution (S. Res. 287); which was placed on the calendar:

S. RES. 287

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Mary N. Bell, widow of Frank Bell, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1967—AMENDMENTS

AMENDMENT NO. 746

Mr. METCALF (for himself and Mr. MANSFIELD) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 917) to assist State and local governments in reducing the incidence of crime, to increase the effectiveness, fairness, and coordination of law enforcement and criminal justice systems at all levels of government, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT NO. 747

Mr. FONG (for himself and Mr. HART) submitted amendments, intended to be proposed by them, jointly, to Senate bill 917, *supra*, which were ordered to lie on the table and to be printed.

(See the remarks of Mr. Fong when he submitted the above amendments, which appear under a separate heading.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967—AMENDMENTS

AMENDMENT NO. 748

Mr. MUSKIE. Mr. President, I submit, for appropriate reference, amendments which I intend to propose to S. 698, the intergovernmental cooperation bill, now pending in the Subcommittee on Intergovernmental Relations, Committee on Government Operations.

The amendments I will offer are intended to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs.

Every Federal agency administering Federal assistance programs to State and local governments is charged by the Congress and by the regulations of the Comptroller General with assuring proper legal use of Federal funds made available to State and local governments through such programs. As a result each administering agency and each major bureau engaged in grant-in-aid administration deploys a number of fiscal auditors throughout the States at various times to audit grant-in-aid accounts. The General Accounting Office has its own field operations with its "spot audit" program, which is geared to ascertaining the effectiveness of agency audits of Federal expenditures and which also involves audits of grant expenditures at the State and local levels.

Yet, Federal agency auditing and accounting activities have had to keep pace with the growth in the number and variety of Federal assistance programs. Moreover, State governments in recent years and many local governments have made strenuous efforts to improve the capability of their own accounting and auditing systems—thanks to the rapid growth of State and local programs and expenditures.

Federal assistance programs differ in objectives, magnitude, governments, and governmental agencies involved, and the clientele served and in many other characteristics. Such programs then can hardly be expected to yield completely to uniform accounting and auditing requirements. Nevertheless, there remains the question as to whether the existing financial reporting, accounting, and auditing requirements are reasonable in their demands. Most State and local officials feel they are not. Some Federal aid administrators feel they are not. The recent experience of the Department of Health, Education, and Welfare and the Office of Economic Opportunity in placing reliance on State and local auditing, accounting, and reporting systems suggests that a rigid adherence to the status quo is not the best way to improve intergovernmental relations in this area. To help correct this condition, the Advisory Commission on Intergovernmental Relations in its fiscal balance report adopted a three-pronged recommendation urging enactment of general legislation by the Congress applicable to Federal grants-in-aid to States whereby: first, the Comptroller General would study

and review the accounting and auditing systems of the States receiving Federal grants-in-aid and ascertain their general adequacy and integrity; second, for those States certified by the Comptroller General as meeting standards of adequacy and integrity, the results of State audits of expenditures of Federal grant funds would be accepted by the administering Federal agencies in lieu of their own fiscal audits with such acceptance to cease if the Comptroller General finds that the accounting and auditing system of a particular State no longer meets prescribed standards; and, third, this authorization would be extended at the discretion of the Comptroller General to units of local government receiving sizable grant-in-aid funds from Federal agencies.

The amendments I intend to propose are based on this recommendation. First, they would assign authority to the President to promulgate rules and regulations on a Government-wide basis for basis for simplifying and, to the extent practicable, unifying the financial reporting requirements in Federal grant-in-aid programs. At the present time—thanks to diverse enabling legislation, appropriation acts, departmental regulations and various other factors—the procedures, format, frequency, and intensity of financial reporting requirements differ greatly from department to department and frequently from program to program within a department. The amendments are designed to provide the President with sufficient authority to achieve greater consistency, simplicity, and order in an area of grant-in-aid administration that thus far largely has also been ignored.

The amendments also provide the basis for acceptance of the accounting and auditing system in certain States and certain political subdivisions in lieu of Federal efforts in these fields. The Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget are mandated to conduct a joint study of the principles, standards, and related requirements of executive agencies as they relate to the accounting and auditing of Federal grants-in-aid with a view to identify ways and means of developing Government-wide accounting and auditing procedures that foster greater interdepartmental coordination among financial management officials in the various Federal agencies administering grant programs. These provisions are designed then to reduce unnecessary duplication and excessive time required to perform these vital fiscal functions.

The Comptroller General is authorized to study and review the accounting and auditing systems of the States and their political subdivisions in order to determine the adequacy and effectiveness of their respective systems and what changes, if any, would be required in them to comply with the principles, standards, and related requirements prescribed by him in the area of grant-in-aid financial accountability. After consulting with the Secretary of the Treasury and the Director of the Bureau of the Budget and after assessing the

statutory requirements and the administrative needs of executive agencies administering grants-in-aid, the Comptroller General is authorized to prescribe rules and regulations that would permit such agencies to substitute the accounting and auditing systems of States and local governments with their systems meet standards prescribed by him as they relate to the administration of Federal assistance programs.

The intent of these amendments is not to shortcut in any way the exercise of fiscal prudence and accountability at all levels of government. But they seek to develop new intergovernmental arrangements in the accounting and auditing field which would lead to a significant saving in time and energy and would provide the impetus for significant improvements in the whole area of intergovernmental fiscal management.

Mr. President, I ask unanimous consent that the text of the amendments I intend to propose to S. 698 be printed at this point in the RECORD.

The PRESIDING OFFICER. The amendments will be received, printed, and appropriately referred; and, without objection, the amendments will be printed in the RECORD.

The amendment (No. 748) was referred to the Committee on Government Operations, as follows:

AMENDMENT NO. 748

On page 2, line 4, strike out "1967" and insert in lieu thereof "1968".

On page 2, line 19, strike out "title VIII and title IX" and insert in lieu thereof "title VIII, IX, and X."

On page 10, between lines 3 and 4, insert the following new sections:

"APPLICANT

"SEC. 122. The term 'applicant' means one or more States or local governments or other public or private agencies or organizations acting separately or together in seeking assistance with respect to a single project.

"PROJECT

"SEC. 123. The term 'project' means any undertaking, however characterized and whether of a temporary or continuing nature, which includes components proposed or approved for assistance under more than one Federal program, or one or more Federal and one or more State programs, if each of those components contributes materially to the accomplishment of a single purpose or closely related purposes."

On page 59, after line 4, insert the following new title:

"TITLE X—ACCOUNTING, AUDITING, AND REPORTING OF FEDERAL ASSISTANCE FUNDS

"STATEMENT OF PURPOSE

"SEC. 1001. It is the purpose of this title to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, to survey the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions, and to authorize the Comptroller General of the United States to prescribe rules and regulations for using State and political subdivisions accounting and auditing in meeting financial management requirements of such programs.

"MORE UNIFORM FINANCIAL REPORTING

"SEC. 1002. Notwithstanding any other provision of law, the President shall have authority to promulgate rules and regulations simplifying and, to the extent feasible, unifying financial reporting requirements of Federal assistance programs.

"ACCEPTANCE OF ACCOUNTING AND AUDITING OF STATES AND THEIR POLITICAL SUBDIVISIONS

"SEC. 1003. (a) The Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget shall conduct a joint study of the principles, standards, and related requirements of executive agencies, as defined in chapter 1 of title 5, United States Code, for accounting and auditing of Federal assistance programs. Such study shall emphasize ways and means of developing government-wide accounting and auditing procedures that foster closer cooperation and coordination among the financial management officials of the different levels of the executive agencies, avoid unnecessary duplication, and minimize the amount of time required to perform the accounting and auditing functions. Such study with recommendations shall be submitted to Congress not later than twelve months after the date of enactment of this Act.

"(b) The Comptroller General shall study and review the accounting and auditing systems of States and political subdivisions receiving Federal assistance in order to determine (1) the adequacy and effectiveness of such systems, and (2) the nature of any changes in the accounting and auditing procedures employed in such systems which would be required for compliance with the principles, standards, and related requirements prescribed by the Comptroller General for protecting the interests of the United States with regard to accounting for expenditures of Federal assistance funds by States and their political subdivisions.

"(c) The Comptroller General, after consulting the Secretary of the Treasury and the Director of the Bureau of the Budget concerning their accounting and auditing needs, and considering statutory requirements and the needs of executive agencies responsible for administering Federal assistance programs, shall prescribe rules and regulations whereby such agencies may substitute for their accounting and auditing the accounting and auditing performed by States and political subdivisions receiving Federal assistance, when such accounting and auditing meet the requirements prescribed by the Comptroller General applicable to the administration of such assistance received by such States and political subdivisions. The Comptroller General shall make a report to Congress on the operations of this subsection at the end of such fiscal year, beginning with the first full fiscal year following the date of enactment of this Act."

NOTICE OF RECEIPT OF NOMINATION BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the following nomination: H. Brooks James, of North Carolina, to be an Assistant Administrator of the Agency for International Development, vice Herbert J. Waters, resigned.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

NOTICE OF HEARINGS ON SAVINGS AND LOAN RECEIVERSHIPS

Mr. PROXMIRE. Mr. President, on May 20 the Committee on Banking and Currency will conduct hearings on S. 3436, a bill to provide for the appointment of the Federal Savings and Loan

Insurance Corporation as receiver, and for other purposes. The hearings will take place in room 5302, New Senate Office Building at 10 a.m. Persons desiring to testify should contact Mr. Lewis G. Odom, Jr., Staff Director and General Counsel.

TRIBUTE TO SENATOR HAYDEN—A GREAT AMERICAN

Mr. DIRKSEN. Mr. President, on behalf of the Senator from California [Mr. KUCHEL], I ask unanimous consent that a statement prepared by him in tribute to Senator HAYDEN be printed in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KUCHEL

The decision of the Dean of the Senate to end an unprecedented skein of years of service to Arizona and to America evokes an almost indescribable sadness. An important page in the history of this noble body will turn. He will lay aside a public office filled for over a half-century with distinction and seldom-matched purposefulness.

Words to describe Carl Hayden and to categorize personal associations with him pour through the mind in an almost endless stream. My regard and affection best can be reflected by use of the appellation "amigo"—so reminiscent of the Old West where he was born and whose progress he influenced beyond measure.

This body will miss the challenge and presence of a member of unimpeachable integrity, who set standards which are imperishable, and whose accomplishments will inspire the best from each of us in years to come.

Though the inexorable passage of time prompts him to cease his labors in elective office, Carl Hayden will leave the Senate with more than memories and legends and he will be rich in knowledge that his beloved Arizona and the flourishing Southwest thrive because he husbanded their treasures while responding to challenges of progress. He can be content in knowledge he was a builder of an inviting and rewarding society. Though unpleasant, the breaking of ties is more easily tolerated because of his contributions toward the well-being and happiness of those who follow.

When this Congress finally adjourns an era may have ended but an ineradicable remembrance will remain as the Hayden sense of devotion motivates the membership through times ahead.

Mr. MURPHY. Mr. President, when historians of the next millennium look back with the wisdom of their hindsight to study the vibrant period in which we live, they will find ample evidence that there were among us a select few men whose vision and deeds matched the ever-expanding challenges around them.

Such a man is the senior Senator from Arizona, the distinguished CARL HAYDEN.

No State of our Union is without its share of monuments to his interest in the social programs and public works projects which have made possible our enormous progress during the past half century.

No State is without a plan for the future which is based to a large extent on his efforts.

More significantly, however, no State—and I respectfully request that I herewith be permitted a bit of regional pride—is now untouched by the expansive, excit-

ing, visionary "Spirit of the West" which he so ably typified.

It has been an honor for me to call him a colleague and a friend. With the other Members of this Congress, I shall miss him.

At the same time, I sincerely hope that he will be able to find a great deal of justifiable personal satisfaction in the knowledge that the fruits of his labors will make this a better land and a better world for countless generations to come.

Mr. BIBLE. Mr. President, missing from the tribute to Senator CARL HAYDEN carried so voluminously in the CONGRESSIONAL RECORD yesterday were the fine remarks by Roy Elson at Tuesday's press conference after Senator HAYDEN announced his retirement. Roy, as Senator HAYDEN's administrative assistant, spoke most eloquently for himself and the Senator's staff. I ask unanimous consent that those remarks now be included in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SENATOR HAYDEN TRIBUTE FROM STAFF BY ROY ELSON, ADMINISTRATIVE ASSISTANT TO SENATOR CARL HAYDEN, MAY 6, 1968

For me, for my fellow staff members and for the many who have known and worked with you, Senator Hayden, let me say that it has been our honor and privilege to serve you in your service to our state and our country.

When I first came to Washington a time that was recent in the life of Carl Hayden but seems so very long ago to me, I really thought I knew some of the answers. I now realize, however, that most of what I have learned in life, I owe to Carl Hayden. For he has been my teacher, my leader, my example and, if I may say so, my friend. I am certain that practically every man and woman in this room today can say essentially the same thing.

And that is about all I have to say about this great man who has, in Kipling's phrase, "walked with kings" and not "lost the common touch," the man who came from Arizona long ago to fill over 56 years of unforgiving minutes—who dared to dream dreams and lived to see their reality, not just for our time, but for all time to come.

Today we salute you, Senator Hayden, and thank you for letting us share a little in your greatness.

Mr. BROOKE. Mr. President, I shall always be profoundly grateful that I was given the privilege of serving during two sessions of the Congress with the illustrious senior Senator from Arizona and President pro tempore of the Senate, Senator CARL HAYDEN.

To those of us just beginning our service in the Senate, Senator HAYDEN's extraordinary record will ever remain a unique inspiration and example. His exemplary service to the people of his State and Nation, his unstinting courtesy, kindness, and patience with his colleagues, his devotion to the ideals and traditions of the Senate, of which he is in such a real sense a living tradition, are things for which I, as a very junior Member of this body, will retain the greatest admiration and respect.

I appreciate having the opportunity of joining my colleagues in wishing Senator HAYDEN many years of richly deserved happiness, health, together with the profound satisfaction that comes from hav-

ing given of his very best to the people of Arizona, to the Senate of the United States and to his grateful and admiring fellow Americans.

CORRECTION OF THE RECORD

Mr. BENNETT. Mr. President, in a tribute to Senator CARL HAYDEN which appears in the CONGRESSIONAL RECORD of May 7, page S5033, the RECORD has misprinted a statement of mine.

Beginning in the fifth paragraph of my tribute, my statement—which was correctly submitted to be printed—reads "Our venerable colleague." As printed, it reads "Our vulnerable colleague."

I am satisfied that the misprint was an honest mistake. At any rate, I ask that the permanent RECORD be corrected accordingly, so that my deep esteem for Senator HAYDEN might be accurately reflected.

The PRESIDING OFFICER. The RECORD will be accordingly corrected.

THE 84TH BIRTHDAY ANNIVERSARY OF FORMER PRESIDENT HARRY S. TRUMAN

Mr. LONG of Missouri. Mr. President, today, May 8, 1968, is the 84th birthday of Harry S. Truman, one of the truly great Presidents of the United States.

It is an honor for me to be able to wish happy birthday to my good friend and fellow Missourian. He is admired and respected by all Americans. He is the favorite son of every Missourian.

The Presidency of the United States and the leadership of the Western World were thrust upon Harry Truman both at the close of World War II and the start of the quest for an enduring peace. Few periods of history have been so crucial to this country and to the future of world peace. Few men can equal the record he established in promoting the brotherhood of man and the association of nations.

In his first 4 months of office, the United Nations was chartered, Germany surrendered, the Potsdam Conference was held, and Japan surrendered. He initiated the Marshall plan for economic assistance which was designed to help refashion all of Europe into a free community of prosperous and independent states. He fashioned a peace that imposed not harsh penalties on the defeated nations, but rather attempted to restore their vitality and enable them to rejoin the postwar community of free nations.

Although a man of peace, President Truman acted always with a courageous will to protect the independence of threatened nations. His determination to check the advance of world communism will never be forgotten by free men.

Although so noted in his foreign policy, his domestic policy was just as dedicated to furthering the cause of humanity's right to freedom. He constantly advocated national fair employment practices. He brought an end to segregation in the Armed Forces. Many of the programs envisioned by President Truman have been realized in recent years, including the extension of voting privileges to all Americans, a healthcare pro-

Senate
2-3-

June 18, 1968

12. TRADE POLICY. Rep. Broyhill, N.C., expressed concern about "the serious economic problem which imports are causing for some of our major industries" and inserted his testimony on this subject. pp. H5091-2
13. TRADEMARKS. Received from Treasury a proposed bill to amend the Trademark Act of 1946 to provide an exemption from the restrictions of the trademark laws; to Ways and Means Committee. p. H5095

SENATE

14. CREDIT UNIONS. The Banking and Currency Committee reported with amendments H. R. 14907, to amend the Federal Credit Union Act (S. Rept. 1265). p. S7360
15. POVERTY. Received from the President a report of the National Advisory Council on Economic Opportunity. p. S7420
16. WATER RESOURCES. Passed as reported S. 3058, to increase authorizations for water resources planning activities. The act is amended to "increase from \$700,000 to \$1,500,000, the amount authorized to be appropriated annually for the administrative functions of the Water Resources Council under all titles of the act." pp. S7341-2
17. SURPLUS PROPERTY. Passed without amendment S. 1974, to amend the Federal Property and Administrative Services Act of 1949, as amended, to make foreign generated surplus property available to domestic agencies. pp. S7356-8
18. EXPORT-IMPORT BANK. Passed with amendment H. R. 16162, to improve the U. S. balance-of-payments situation through loan and other programs of the Export-Import Bank (pp. S7388-92). S. 3218, a companion bill, was indefinitely postponed (p. S7391).
Sen. Smathers announced that the Select Committee on Small Business will hold hearings on a bill to augment the authority of the Export-Import Bank Thurs., June 20, 1968. pp. S7363-4
19. CONSERVATION. Conferees were appointed on S. 1401, to amend title I of the Land and Water Conservation Fund Act of 1965 (pp. S7404-11). House conferees have not yet been appointed.
Sen. Metcalf inserted the partial text of Sen. Kuchel's address on new concepts in recreation, conservation, and resource developments. pp. S7371-2
20. MILITARY CONSTRUCTION. Began consideration of H. R. 16703, the military construction bill, which includes funds for payment on the debt to the Commodity Credit Corp. for foreign currencies used in prior years to construct military family housing overseas. pp. S7397-404, S7415-20
21. ORGANIZATION. A subcommittee of the Government Operations Committee approved for full committee consideration S. 698, requiring uniform Federal Government cooperation with States in carrying out programs of public development. p. D565
22. FORESTRY. Subcommittee of the Interior and Insular Affairs Committee approved committee action S. 1385, directing that 25 percent of gross revenues from sale of timber on public lands shall be paid to appropriate counties for use for public schools and roads. p. S565

Received from Army and Agriculture a notification of a proposed interchange of jurisdiction of civil works and national forest lands (Kinzua Dam and Allegheny Reservoir, N. J., and Pa.) by the Department of the Army and the Department of Agriculture. p. S7359

23. YEARBOOK. Sen. McGee inserted an article which quotes Interior's yearbook as maintaining that hope lies chiefly in "understanding the totality of the problem of survival." pp. S7364-5
24. FLOODWAY. Sen. Yarborough inserted resolutions from two Tex. counties supporting the Rio Grande River floodway improvement plan. pp. S7380-1
25. FOOD. Sen. Hartke inserted articles concerning fortification of cereal products as a means to improve nourishment levels substantially without increasing agricultural output. pp. S7381-2

EXTENSION OF REMARKS

26. OPINION POLL. Rep. Harvey inserted the results of a questionnaire, including items of interest to this Department. p. E5502
27. HEALTH. Rep. Curtis inserted an editorial commenting on a dialog on the accuracy of cost estimates of governmental health care programs. pp. E5503-8
28. PERSONNEL. Rep. Hall stated that his proposed freedom of choice bill is gaining support and inserted an article, "Public Employee Unionism." p. E5509
29. WATERSHEDS. Rep. Scherle stated that "President Johnson has a stranglehold on the small watershed program." pp. E5530-1
30. TAXATION. Rep. Ullman inserted an article, "Tax Increase Seen as Must." pp. E5531-2
31. POLLUTION; PESTICIDES. Rep. Dingell inserted a report and recommendations pertaining to pesticides and environmental pollution. pp. E5538-9
32. FOREIGN TRADE. Rep. Ottinger inserted an article which suggests that certain restrictions on trade might have effects precisely contrary to those which were intended. p. E5552
33. WILD ANIMAL IMPORTS. Rep. Rogers, Fla., said that this Department "should take a more active role in policing potentially dangerous, indeed lethal, animals which are being imported into this country." p. E5554
34. MEAT INSPECTION. Rep. Smith, Ia., stated that the fight for clean meat is not over and inserted testimony in support of a Federal poultry inspection bill. pp. E5563-6

90TH CONGRESS
2D SESSION

H. R. 18826

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1968

Mr. BLATNIK (for himself, Mr. HOLIFIELD, Mr. ROSENTHAL, Mrs. DWYER, Mr. ERLNBORN, Mr. BROWN of Ohio, and Mr. EDWARDS of Alabama) introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for development assistance, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act be cited as the "Intergovernmental Coopera-
- 4 tion Act of 1968".

1 payments to States or political subdivisions as full reimburse-
2 ment for the costs incurred in paying benefits or furnishing
3 services to persons entitled thereto under Federal laws.

4 FEDERAL FINANCIAL ASSISTANCE

5 SEC. 107. The term "Federal financial assistance" does
6 not include any annual payment by the United States to the
7 District of Columbia authorized by article VI of the District
8 of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-
9 2501a and 47-2501b).

10 SPECIALIZED OR TECHNICAL SERVICES

11 SEC. 108. "Specialized or technical services" means
12 statistical and other studies and compilations, development
13 projects, technical tests and evaluations, technical informa-
14 tion, training activities, surveys, reports, documents, and any
15 other similar service functions which any department or
16 agency of the executive branch of the Federal Government
17 is especially equipped and authorized by law to perform.

18 COMPREHENSIVE PLANNING

19 SEC. 109. "Comprehensive planning", except in title V,
20 includes the following, to the extent directly related to area
21 needs or needs of a unit of general local government: (A)
22 preparation, as a guide for governmental policies and action,
23 of general plans with respect to (i) the pattern and intensity
24 of land use, (ii) the provision of public facilities (including
25 transportation facilities) and other government services,
26 and (iii) the effective development and utilization of human

1 and natural resources; (B) long-range physical and fiscal
2 plans for such action; (C) programing of capital improve-
3 ments and other major expenditures, based on a determina-
4 tion of relative urgency, together with definitive financing
5 plans for such expenditures in the earlier years of the
6 program; (D) coordination of all related plans and activities
7 of the State and local governments and agencies concerned;
8 and (E) preparation of regulatory and administrative meas-
9 ures in support of the foregoing.

10 HEAD OF AGENCY

11 SEC. 110. The term "head of a Federal agency" or
12 "head of a State agency" includes a duly designated delegate
13 of such agency head.

14 TITLE II—IMPROVED ADMINISTRATION OF 15 GRANTS-IN-AID TO THE STATES

16 FULL INFORMATION ON FUNDS RECEIVED

17 SEC. 201. Any department or agency of the United
18 States Government which administers a program of grants-in-
19 aid to any of the State governments of the United States
20 or to their political subdivisions shall, upon request, notify in
21 writing to the Governor or other official designated by him,
22 and the State legislature, of the purpose and amounts of actual
23 grants-in-aid to the State or to its political subdivisions.

24 DEPOSIT OF GRANTS-IN-AID

25 SEC. 202. No grant-in-aid to a State shall be required by
26 Federal law or administrative regulation to be deposited in a

1 separate bank account apart from other funds administered
2 by the State. All Federal grant-in-aid funds made available
3 to the States shall be properly accounted for as Federal funds
4 in the accounts of the State. In each case the State agency
5 concerned shall render regular authenticated reports to the
6 appropriate Federal agency covering the status and the appli-
7 cation of the funds, the liabilities and obligations on hand,
8 and such other facts as may be required by said Federal
9 agency. The head of the Federal agency and the Comptroller
10 General of the United States or any of their duly authorized
11 representatives shall have access for the purpose of audit and
12 examination to any books, documents, papers, and records
13 that are pertinent to the grant-in-aid received by the States.

14 SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

15 SEC. 203. Heads of Federal departments and agencies
16 responsible for administering grant-in-aid programs shall
17 schedule the transfer of grant-in-aid funds consistent with
18 program purposes and applicable Treasury regulations, so as
19 to minimize the time elapsing between the transfer of such
20 funds from the United States Treasury and the disbursement
21 thereof by a State, whether such disbursement occurs prior
22 to or subsequent to such transfer of funds.

23 ELIGIBLE STATE AGENCY

24 SEC. 204. Notwithstanding any other Federal law which
25 provides that a single State agency or multimember board
26 or commission must be established or designated to adminis-

1 ter or supervise the administration of any grant-in-aid pro-
2 gram, the head of any Federal department or agency ad-
3 ministering such program may, upon request of the Gover-
4 nor or other appropriate executive or legislative authority
5 of the State responsible for determining or revising the or-
6 ganizational structure of State government, waive the single
7 State agency or multimember board or commission provision
8 upon adequate showing that such provision prevents the
9 establishment of the most effective and efficient organizational
10 arrangements within the State government and approve
11 other State administrative structure or arrangements: *Pro-*
12 *vided*, That the head of the Federal department or agency
13 determines that the objectives of the Federal statute authoriz-
14 ing the grant-in-aid program will not be endangered by the
15 use of such other State structure or arrangements.

16 TITLE III—PERMITTING FEDERAL DEPART-
17 MENTS AND AGENCIES TO PROVIDE SPECIAL
18 OR TECHNICAL SERVICES TO STATE AND
19 LOCAL UNITS OF GOVERNMENT

20 STATEMENT OF PURPOSE

21 SEC. 301. It is the purpose of this title to encourage in-
22 tergovernmental cooperation in the conduct of specialized
23 or technical services and provision of facilities essential to
24 the administration of State or local governmental activities,
25 many of which are nationwide in scope and financed in part
26 by Federal funds; to enable State or local governments to

1 avoid unnecessary duplication of special service functions;
2 and to authorize all departments and agencies of the execu-
3 tive branch of the Federal Government which do not have
4 such authority to provide reimbursable specialized or tech-
5 nical services to State and local governments.

6 AUTHORITY TO PROVIDE SERVICE

7 SEC. 302. The head of any Federal department or
8 agency is authorized within his discretion, upon written
9 request from a State or political subdivision thereof, to
10 provide specialized or technical services, upon payment, to
11 the department or agency by the unit of government making
12 the request, of salaries and all other identifiable direct or
13 indirect costs of performing such services: *Provided, however,*
14 That such services shall include only those which the Di-
15 rector of the Bureau of the Budget through rules and regu-
16 lations determines Federal departments and agencies have
17 special competence to provide. Such rules and regulations
18 shall be consistent with and in furtherance of the Govern-
19 ment's policy of relying on the private enterprise system to
20 provide those services which are reasonably and expeditiously
21 available through ordinary business channels.

22 REIMBURSEMENT FOR SERVICES

23 SEC. 303. All moneys received by any department or
24 agency of the executive branch of the Federal Government,
25 or any bureau or other administrative division thereof, in
26 payment for furnishing specialized or technical services as

1 authorized under section 302 shall be deposited to miscel-
2 laneous receipts of the Treasury.

3 REPORTS TO CONGRESS

4 SEC. 304. The Secretary of any department or the
5 administrative head of any agency of the executive branch
6 of the Federal Government shall furnish annually to the
7 respective Committees on Government Operations of the
8 Senate and House of Representatives a summary report on
9 the scope of the services provided under the administration
10 of this title.

11 RESERVATION OF EXISTING AUTHORITY

12 SEC. 305. This title is in addition to and does not super-
13 sede any existing authority now possessed by any Federal
14 department or agency with respect to furnishing services,
15 whether on a reimbursable or nonreimbursable basis, to State
16 and local units of government.

17 TITLE IV—COORDINATED INTERGOVERNMEN-
18 TAL POLICY AND ADMINISTRATION OF
19 DEVELOPMENT ASSISTANCE PROGRAMS

20 DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

21 SEC. 401. (a) The economic and social development of
22 the Nation and the achievement of satisfactory levels of living
23 depend upon the sound and orderly development of all areas,
24 both urban and rural. Moreover, in a time of rapid urbaniza-
25 tion, the sound and orderly development of urban communi-

1 ties depends to a large degree upon the social and economic
2 health and the sound development of smaller communities and
3 rural areas. The President may, therefore, establish rules and
4 regulations governing the formulation, evaluation, and review
5 of Federal programs and projects having a significant impact
6 on area and community development, including programs
7 providing Federal assistance to the States and localities, to the
8 end that they shall most effectively serve these basic objec-
9 tives. Such rules and regulations shall provide for full con-
10 sideration of the concurrent achievement of the following
11 specific objectives and, to the extent authorized by law, rea-
12 soned choices shall be made between such objectives when
13 they conflict:

14 (1) Appropriate land uses for housing, commercial,
15 industrial, governmental, institutional, and other pur-
16 poses;

17 (2) Wise development and conservation of natural
18 resources, including land, water, minerals, wildlife, and
19 others;

20 (3) Balanced transportation systems, including
21 highway, air, water, pedestrian, mass transit, and other
22 modes for the movement of people and goods;

23 (4) Adequate outdoor recreation and open space;

24 (5) Protection of areas of unique natural beauty,
25 historical and scientific interest;

1 (6) Properly planned community facilities, includ-
2 ing utilities for the supply of power, water, and com-
3 munications, for the safe disposal of wastes, and for
4 other purposes; and

5 (7) Concern for high standards of design.

6 (b) All viewpoints—national, regional, State, and
7 local—shall, to the extent possible, be fully considered and
8 taken into account in planning Federal or federally assisted
9 development programs and projects. State and local govern-
10 ment objectives, together with the objectives of regional
11 organizations shall be considered and evaluated within a
12 framework of national public objectives, as expressed in
13 Federal law, and available projections of future national con-
14 ditions and needs of regions, States, and localities shall be
15 considered in plan formulation, evaluation, and review.

16 (c) To the maximum extent possible, consistent with
17 national objectives, all Federal aid for development purposes
18 shall be consistent with and further the objectives of State,
19 regional, and local comprehensive planning. Consideration
20 shall be given to all developmental aspects of our total
21 national community, including but not limited to housing,
22 transportation, economic development, natural and human
23 resources development, community facilities, and the general
24 improvement of living environments.

1 (d) Each Federal department and agency administer-
2 ing a development assistance program shall, to the maximum
3 extent practicable, consult with and seek advice from all
4 other significantly affected Federal departments and agencies
5 in an effort to assure fully coordinated programs.

6 (e) Insofar as possible, systematic planning required
7 by individual Federal programs (such as highway construc-
8 tion, urban renewal, and open space) shall be coordinated
9 with and, to the extent authorized by law, made part of
10 comprehensive local and areawide development planning.

11 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

12 SEC. 402. Where Federal law provides that both special-
13 purpose units of local government and units of general local
14 government are eligible to receive loans or grants-in-aid,
15 heads of Federal departments and agencies shall, in the
16 absence of substantial reasons to the contrary, make such
17 loans or grants-in-aid to units of general local government
18 rather than to special-purpose units of local government.

19 RULES AND REGULATIONS

20 SEC. 403. The Bureau of the Budget or such other
21 agency as may be designated by the President is hereby
22 authorized to prescribe such rules and regulations as are
23 deemed appropriate for the effective administration of this
24 title.

1 TITLE V—ACQUISITION, USE, AND DISPOSITION
2 OF LAND WITHIN URBAN AREAS BY FED-
3 ERAL AGENCIES IN CONFORMITY WITH
4 LAND UTILIZATION PROGRAMS OF AF-
5 FECTED LOCAL GOVERNMENT

6 AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE
7 SERVICES ACT

8 SEC. 501. The Federal Property and Administrative
9 Services Act of 1949, as amended (40 U.S.C. 471 et seq.),
10 is amended by adding at the end thereof a new title as
11 follows:

12 “TITLE VIII—URBAN LAND UTILIZATION

13 “SHORT TITLE

14 “SEC. 801. This title may be cited as the ‘Federal Urban
15 Land-Use Act’.

16 “DECLARATION OF PURPOSE AND POLICY

17 “SEC. 802. It is the purpose of this title to promote more
18 harmonious intergovernmental relations by prescribing uni-
19 form policies and procedures whereby the Administrator
20 shall acquire, use, and dispose of land in urban areas in
21 order that urban land transactions entered into for the Gen-
22 eral Services Administration or on behalf of other Federal
23 agencies shall, to the greatest extent practicable, be con-
24 sistent with zoning and land-use practices and shall be made

1 to the greatest extent in accordance with planning and de-
2 velopment objectives of the local governments and local
3 planning agencies concerned.

4 "DISPOSAL OF URBAN LANDS

5 "SEC. 803. (a) Whenever the Administrator con-
6 templates the disposal for or on behalf of any Federal
7 agency of any real property situated within an urban area,
8 he shall, prior to offering such land for sale, give reasonable
9 notice to the head of the governing body of the unit of
10 general local government having jurisdiction over zoning
11 and land-use regulation in the geographical area within
12 which the land or lands are located in order to afford the
13 government the opportunity of zoning for the use of such
14 land in accordance with local comprehensive planning.

15 "(b) The Administrator, to the greatest practicable
16 extent, shall furnish to all prospective purchasers of such
17 real property, full and complete information concerning—

18 "(1) current zoning regulations and prospective
19 zoning requirements and objectives for such property
20 when it is unzoned; and

21 "(2) current availability to such property of streets,
22 sidewalks, sewers, water, street lights, and other service
23 facilities and prospective availability of such services if
24 such property is included in comprehensive planning.

1 “ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

2 “SEC. 804. (a) To the extent practicable, prior to a
3 commitment to acquire any real property situated in an urban
4 area, the Administrator shall notify the unit of general local
5 government exercising zoning and land-use jurisdiction over
6 the land proposed to be purchased of his intent to acquire
7 such land and the proposed use of the property. In the event
8 that the Administrator determines that such advance notice
9 would have an adverse impact on the proposed purchase, he
10 shall, upon conclusion of the acquisition, immediately notify
11 such local government of the acquisition and the proposed use
12 of the property.

13 “(b) In the acquisition or change of use of any real
14 property situated in an urban area as a site for public build-
15 ing, the Administrator shall, to the extent he determines
16 practicable—

17 “(1) consider all objections made to any such
18 acquisition or change of use by such unit of government
19 upon the ground that the proposed acquisition or change
20 of use conflicts or would conflict with the zoning regula-
21 tions or planning objectives of such unit; and

22 “(2) comply with and conform to such regulations
23 of the unit of general local government having jurisdic-
24 tion with respect to the area within which such property

1 is situated and the planning and development objectives
2 of such local government.

3 “SEC. 805. The procedures prescribed in sections 803
4 and 804 may be waived during any period of national emer-
5 gency proclaimed by the President.

6 “DEFINITIONS

7 “SEC. 806. As used in this title—

8 “(a) ‘Unit of general local government’ means any city,
9 county, town, parish, village, or other general-purpose politi-
10 cal subdivision of a State.

11 “(b) ‘Urban area’ means—

12 “(1) any geographical area within the jurisdic-
13 tion of any incorporated city, town, borough, village,
14 or other unit of general local government, except county
15 or parish, having a population of ten thousand or more
16 inhabitants;

17 “(2) that portion of the geographical area within
18 the jurisdiction of any county, town, township, or simi-
19 lar governmental entity which contains no incorporated
20 unit of general local government but has a population
21 density equal to or exceeding one thousand five hundred
22 inhabitants per square mile; and

23 “(3) that portion of any geographical area having a
24 population density equal to or exceeding one thousand
25 five hundred inhabitants per square mile and situated ad-

1 jacent to the boundary of any incorporated unit of gen-
2 eral local government which has a population of ten
3 thousand or more inhabitants.

4 “(c) ‘Comprehensive planning’ includes the following,
5 to the extent directly related to the needs of a unit of general
6 local government:

7 “(1) Preparation, as a guide for governmental poli-
8 cies and action, of general plans with respect to (A)
9 the pattern and intensity of land use, (B) the provision
10 of public facilities (including transportation facilities)
11 and other governmental services, and (C) the effective
12 development and utilization of human and natural
13 resources;

14 “(2) Long-range physical and fiscal plans for such
15 action;

16 “(3) Programing of capital improvements and
17 other major expenditures, based on a determination of
18 relative urgency, together with definitive financing plans
19 for such expenditures in the earlier years of the program;

20 “(4) Coordination of all related plans and activities
21 of the State and local governments and agencies con-
22 cerned; and

23 “(5) Preparation of regulatory and administrative
24 measures in support of the foregoing.”

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for development assistance, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes.

By Mr. BLATNIK, Mr. HOLIFIELD, Mr. ROSENTHAL, Mrs. DWYER, Mr. ERLINGER, Mr. BROWN of Ohio, and Mr. EDWARDS of Alabama

JULY 23, 1968

Referred to the Committee on Government Operations

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 25, 1968
For actions of July 24, 1968
90th-2nd; No. 129

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HIGHLIGHTS: House agreed to consider continuing appropriation resolution July 26.
Senate committee reported intergovernmental cooperation bill.

SENATE

1. INTERGOVERNMENTAL COOPERATION. The Government Operations Committee reported with amendment S. 698, to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, etc. (S. Rept. 1456). p. S9269

2. ORGANIZATION AND MANAGEMENT. The Government Operations Committee reported without amendment S. 3640, to establish a commission to study the organization, operation, and management of the executive branch and to recommend changes in the interest of efficiency and economy (S. Rept. 1451). p. S9269
3. PERSONNEL. Sen. Ervin predicted "the American people would vote their overwhelming approval" of a bill to protect the constitutional rights of civilian employees of the executive branch and to prevent unwarranted governmental invasions of their privacy and inserted an article, "U. S. Employees' Private Lives Need Protection." pp. S9295-9300
4. HEALTH; SAFETY. Sen. Hill announced that the Labor and Public Welfare Committee was granted until the close of business Aug. 1, 1968, to file a report on H. R. 10790, the proposed Radiation Control for Health and Safety Act of 1968. p. S9328
5. NOMINATION. The Finance Committee reported favorably the nomination of Edward C. Sylvester, Jr., of Mich., to be an Assistant Secretary of HEW. p. S9269
6. FARM LABOR; HEALTH. The Labor and Public Welfare Committee reported with amendment H. R. 15758, to amend the Public Health Service Act so as to extend and improve the provisions relating to regional medical programs, to extend the authorization of grants for health of migratory agricultural workers, to provide for specialized facilities for alcoholics and narcotic addicts (S. Rept. 1454). p. S9269
7. CONSERVATION. Sen. Yarborough spoke of "encouraging support" for his bill to create a Big Thicket National Park and inserted Interior Secretary Udall's remarks at a news conference which "backed up" the need for a large park. p. S9301
8. FOREIGN AID. Sen. Morse cautioned against any attempt to get the foreign aid authorization bill through the Senate prior to the Republican convention. pp. S9330-1
9. LEGISLATIVE PROGRAM. Sen. Mansfield announced the Senate will consider the exemption of Post Office employees from the Federal employment limitation today July 25, and next week the State, Justice, and Commerce appropriation bill, then the HEW appropriation bill. He said it is anticipated the Defense Department appropriation bill will not be taken up until after the Senate returns after Labor Day; and that around that time too the foreign-aid authorization bill will be taken up.

HOUSE

10. APPROPRIATIONS. Received the conference report on H. R. 17903, the public works and Atomic Energy Commission appropriation bill (H. Rept. 1788) (pp. H7464-71). The conferees recommended appropriations of \$30,015,000 for collection and study of basic information pertaining to river and harbor, flood control, wildlife conservation, etc.; \$15,948,500 for water conservation and development plans which includes funds to initiate pilot weather modification projects; and \$88,838,000

90TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 1456

INTERGOVERNMENTAL COOPERATION ACT
OF 1968

REPORT
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
UNITED STATES SENATE

MADE BY ITS
SUBCOMMITTEE ON INTERGOVERNMENTAL
RELATIONS

TO ACCOMPANY

S. 698



JULY 24, 1968.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1968

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INTERGOVERNMENTAL COOPERATION ACT OF 1968

JULY 24, 1968.—Ordered to be printed

Mr. MUSKIE, from the Committee on Government Operations,
submitted the following

REPORT

[To accompany S. 698]

The Committee on Government Operations, to which was referred the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, having considered the same, reports favorably thereon, with an amendment, and recommends that the bill, as amended, do pass.

The amendment is in the nature of a substitute.

EXPLANATION OF AMENDMENT

The bill, as amended, has nine titles: Title I—Definitions; Title II—Improved Administration of Grants-in-Aid to the States; Title III—Permitting Federal Departments and Agencies To Provide Special or Technical Services to State and Local Units of Government; Title IV—Coordinated Intergovernmental Policy and Administration of Development Assistance Programs; Title V—Congressional Review of Federal Grants-in-Aid to States and to Local Units of Government; Title VI—Acquisition, Use, and Disposition of Land Within Urban Areas by Federal Agencies in Conformity With Land Utilization Pro-

grams of Affected Local Government; Title VII—Uniform Relocation Assistance; Title VIII—Uniform Land Acquisition Policy; and Title IX—Judicial Review.

One title of the bill as introduced, Title VI—Consolidation of Grant-in-Aid Programs, was eliminated by the amendment. Title IX of the amended bill was added by the committee.

The principal changes made by the amendment, title by title, are as follows:

TITLE I—DEFINITIONS

In section 107, a new definition explains the terms “Federal assistance”, “Federal financial assistance”, “Federal assistance programs”, and “federally assisted programs”, as used in the bill.

In section 109, the definition of “comprehensive planning” is revised to conform to the definition of the same term in the amendment to the Federal Property and Administrative Services Act contained in title VI of this bill.

In section 121, a new definition is added defining real property so as to include “land, and any interest in land, including but not limited to easements, rights-of-way, water rights, and mineral interests.”

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

In the bill as introduced, section 201 provided that a Federal agency administering a program of grants-in-aid shall, upon request, furnish the Governor of a State or a State legislature with information on the purpose and amounts of actual grants-in-aid to the State. The amendment extends this requirement to include information on grants-in-aid to political subdivisions of the State.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

With the exception of one minor clarifying amendment, this title was approved without change.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

The scope of this title has been broadened to require coordinated Federal policy and administration, not only of urban development programs and projects, but of all Federal programs and projects having a significant impact on area and community development, both urban and rural. As amended, it requires that, to the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

This title in the amendment is unchanged from the corresponding title of the bill as introduced.

TITLE VI—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

This title, which was title VII in the bill as introduced, is unchanged by the amendment except as follows: (1) insertion of language in the proposed new section 802 of the Federal Property and Administrative Services Act to include among the purposes of the title “to encourage sound planning, zoning, and land use practices”; (2) revision of section 806(c) to make more detailed and precise the definition of “comprehensive planning”.

TITLE VII—UNIFORM RELOCATION ASSISTANCE

This title, which was title VIII in the original bill, has been changed in a number of particulars, the more important of which are as follows:

In Section 701, the Declaration of Policy has been amended to state the objective that persons displaced by Federal or federally assisted programs “shall be left no worse off economically than they were before being displaced.”

FEDERAL PROGRAMS—RELOCATION PAYMENTS

A subsection, 702(b), has been added to authorize, in addition to fair and reasonable relocation payments under regulations established by the President, a payment of \$300 for a displaced person who moves from a dwelling and within a year purchases a dwelling for the purpose of residence. This extends the same treatment to persons who elect to take “fair and reasonable relocation payments” as to those who elect to take an optional fixed relocation payment.

In subsection 702(c), where it is provided that a displaced person who moves or discontinues his business may elect to accept a fixed relocation payment in an amount equal to the average annual net earnings of the business, or \$5,000, whichever is the lesser, the amendment adds the provision that in the case of such a displaced person who is 62 years of age or over, the fixed relocation payment shall be increased by an amount equal to twice the average annual net earnings of the business or \$5,000, whichever is the lesser.

The amendment adds a new provision in, subsection 702(g), that would authorize an additional payment to the owner of real property which is acquired for a Federal project and which is improved by a single- or two-family dwelling occupied by the owner, provided the displaced owner purchases and occupies a dwelling within one year subsequent to his displacement. It is provided that such payment, not to exceed \$5,000, shall be an amount which, when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced owner, reasonably accessible to public services and places of employment and available on the private market.

The amendment omits from this title the provision of the original bill, subsection 802(f), that any displaced person adversely affected or

aggrieved by determinations made under this section (Federal Programs: Relocation Payments) may institute in a district court of the United States an action for the review of such determination. Provision for judicial review is made in title IX of the amendment.

FEDERAL PROGRAMS—RELOCATION ASSISTANCE PROGRAMS

In section 703(c), it is required that the relocation assistance program to be provided for persons displaced by a Federal project shall include measures to assure that within a reasonable time prior to displacement suitable relocation housing will be available equal in number to the number of, and available to, the families and individuals displaced. The original bill provided that this assurance might be waived during any period of national emergency proclaimed by the President. The amendment modifies this provision to permit waiver of the prior assurance of available relocation housing in situations prescribed by the President by regulation.

FEDERAL PROGRAMS—AUTHORITY OF THE PRESIDENT

In section 705, which authorizes the President to make rules and regulations with respect to relocation payments, the amendment provides in subsection 705(a)(2)(A) that a displaced person may be reimbursed, not only for his actual and reasonable moving expenses, but also for his actual and reasonable expenses in searching for a replacement property. In the bill as introduced, reimbursement for expenses in searching for a replacement property had been limited to cases involving a farm operation.

In section 705(a)(2)(B) the amendment provides a more equitable basis for payments to cover losses incurred in the movement or replacement of personal property.

FEDERALLY ASSISTED PROGRAMS—RELOCATION ASSISTANCE PROGRAMS

The amendment adds in section 707(b) a provision that, as a condition for further Federal assistance to a State agency for a project that will displace individuals or families, the Federal agency providing assistance shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the State agency that suitable relocation housing is available for each such individual and family.

FEDERALLY ASSISTED PROGRAMS—RELOCATION PAYMENTS

In section 707(a)(5) of the amendment, a new provision requires, as a condition for Federal assistance, agreement by a State agency to pay to a displaced owner-occupant of a dwelling an amount, up to \$5,000, which when added to the acquisition payment equals the average price of a dwelling of modest standards suitable to accommodate the displaced owner. This parallels the new provision in section 702(g) applying to Federal projects.

FEDERAL CONTRIBUTION OF RELOCATION COSTS

As did the original bill, the amendment, in section 702(c) provides that the cost to a State agency of providing the required relocation payments and services may be included as part of the cost of the

project for which Federal assistance is given, and that the State agency shall be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other project costs. The original bill provided, however, that the Federal agency providing assistance shall contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. The amendment provides that the Federal agency shall make such contributions only with respect to payments to persons displaced prior to July 1, 1971.

TITLE VIII—UNIFORM LAND ACQUISITION POLICY

FEDERAL PROGRAMS

In order to encourage the acquisition of real property by amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners, and to promote public confidence in Federal land acquisition practices, title IX of the bill as introduced set forth 11 policies for the guidance of Federal agencies. These occurred in subsections 901(a)(1)–(11). Section 901(b) stated that the provisions of this section, being general policies for the guidance of Federal agencies, shall create no rights or liabilities not otherwise existing or available.

The amendment, in the corresponding title VIII, provides that Federal agencies shall be governed by the policies set forth in the succeeding subsections, and the statement that no new rights or liabilities not otherwise existing or available shall be created by the provisions of this section is deleted. Consistent with this modification of intent, appropriate changes are made in the language setting forth the governing policies.

One new policy is added, in subsection 701(a)(1), to the effect that the head of a Federal agency shall conduct transactions for the acquisition of real property in such a manner as to assure to the extent possible that persons whose property is acquired shall not be worse off economically than they were before the property was acquired.

Another, subsection 701(a)(4) has been amended to provide that the price offered as fair and reasonable consideration for property shall be not less than the appraised value of the property as approved by the Federal agency head. A related amendment eliminates the provision, in section 902 of the original bill, that the compensation to be paid for a property shall be its fair market value.

New language is added in section 802, having to do with the acquisition of buildings, structures, and improvements, to assure avoidance of the possibilities of double payment for the same property.

Minor technical changes are made in the provisions of section 803 relating to reimbursement of the owner for expenses incidental to transfer of title to the United States.

FEDERALLY ASSISTED PROGRAMS

The provisions of section 804, establishing uniform policies and practices governing State agencies in real property acquisitions for which Federal assistance is made available are modified as necessary and appropriate to make them consistent with the amended provisions related to real property acquisitions by Federal agencies.

The amendment changes from January 1, 1970, to July 1, 1972, the date after which no grant to, or contract or agreement with a State agency under which Federal financial aid will be available for real property acquisitions may be approved unless the State agency has agreed to certain specified policies and practices.

TITLE IX—JURIDICAL REVIEW

This new title states, in section 901 that the provisions of sections 551–559 and 701–706 of title V, United States Code, shall apply to an action of a Federal agency under title VII and title VIII. For purposes of this title, the definition of “person” contained in section 551(2) of title V, United States Code, shall be deemed to include a State as defined in this act.

In section 902, it is provided that any person or State adversely affected or aggrieved by a final action of a Federal agency under title VII or title VIII of this act may institute, in the district court in the United States or the juridical district in which such person resides or such State is located, or in which the claim of such person or State first arose, an action seeking review of such final action of the Federal agency and demanding appropriate relief therefrom.

PROPOSED TITLE X—ACCOUNTING, AUDITING, AND REPORTING OF FEDERAL ASSISTANCE FUNDS

In an amendment offered by Senator Muskie for consideration by the committee, it was proposed to add a new title X, calling for studies of the accounting and auditing requirements of Federal assistance programs and of the accounting and auditing systems of States and political subdivisions receiving Federal assistance, and prescribing new procedures under which Federal agencies might accept in lieu of their own, the accounting and auditing performed by States and their political subdivisions receiving Federal assistance.

Upon being informed by the Bureau of the Budget and the Comptroller General of the United States that an interagency study of the accounting and auditing requirements of Federal assistance programs had recently been initiated, and upon hearing from the Comptroller General that he considered inappropriate certain functions which the proposed new title would have called upon him to perform, the committee decided not to adopt the proposed amendment.

PURPOSE

S. 698, the Intergovernmental Cooperation Act of 1967, is designed to improve the working relationships among governments at the Federal, State, and local levels so that they can, in cooperation, deal more effectively with the increasingly complex problems of our society.

The increasing population of the country and the concentration of that growth in urban areas, the accelerating demand for public services of all kinds, and the complexity of the problems facing our society, all make extraordinary demands on government. Harmonious relationships and effective cooperation among the instruments of government at the Federal, State, and local levels have become an absolute necessity.

In its studies over a period of years, the Committee on Government Operations has identified a number of areas in which the activities of the Federal Government can be more effectively related to those of the States and localities, to the end that government at each level can perform more efficiently in its own proper sphere. This legislation addresses itself to these needs.

In large part, its purpose is to improve the operation of the system of Federal grants-in-aid to States and localities. It provides for a greater sharing of information regarding Federal programs with the Governors and State legislatures; it authorizes Federal agencies to provide special technical services to State and local governments; it calls for more effective coordination of Federal development assistance programs; it requires closer cooperation by the Federal Government with local governments in acquiring and disposing of land; and it provides for periodic congressional review of programs of Federal assistance to the States and local governments. It also provides for collaboration between the Federal Government and the States and their political subdivisions on the difficult problem of assuring equitable treatment of persons whose homes and property are taken by public projects.

In summary, S. 698 is a bill designed to improve the quality of government in America by making needed reforms in present procedures and opening up new areas for cooperation with the Federal system.

BACKGROUND

S. 698, the Intergovernmental Cooperation Act of 1967, was introduced by Senator Muskie on January 26, 1967, with bipartisan sponsorship, the cosponsors being Senators Boggs, Ervin, Jackson, Long of Missouri, McGovern, Moss, and Mundt, joined subsequently by Senators Baker, Bayh, Brewster, Clark, Gruening, Hansen, Hart, Hatfield, Jordan of Idaho, Kennedy of Massachusetts, McGee, McIntyre, Metcalf, Miller, Montoya, Morse, Pastore, Pell, Prouty, Randolph, Ribicoff, Scott, Tydings, and Williams of New Jersey.

It is a comprehensive bill devoted to improving the administration of Federal assistance programs at State and local levels. It provides for uniform Federal policies of coordination and cooperation with those levels of government which must carry out national goals, and meet national needs at the local level.

The introduction of this bill was the culmination of studies conducted by the Subcommittee on Intergovernmental Relation continuously since its establishment in 1962. The bill is genuinely intergovernmental in its origin and development. Participating in the process, among others, were the Advisory Commission on Intergovernmental Relations, the National Governors' Conference, the Council of State Governments, the National Association of State Budget Officers, the National Association of Counties, the National League of Cities, and the U.S. Conference of Mayors.

Many of the provisions of the bill had earlier been considered not only by the Committee on Government Operations, but by the Senate itself since they are substantially the same as the provisions of S. 561, the Intergovernmental Cooperation Act of 1965, which was passed by the Senate by a unanimous vote on August 5, 1965, and S. 1681, the

Uniform Relocation Act of 1965, unanimously passed by the Senate on July 22, 1966.

S. 698 combined the features of these two Senate-passed bills, with improvements and additions based on further studies by the committee.

The titles of S. 698 providing for improved administration of grants to the States, periodic congressional review of grants, the furnishing of Federal technical services to the State and local governments, a coordinated Federal urban assistance policy, and an urban land utilization policy are substantially as found in S. 561.

Title VIII of S. 698, making relocation payments and assistance available to persons and businesses displaced by Federal or federally assisted programs, and title IX, providing for a uniform land acquisition policy, follow closely the provisions of S. 1681. These two titles were based largely on recommendations contained in a special study of the problems of real property acquisitions conducted by a select committee of the House.

The only entirely new legislation included in S. 698 was title VI, providing a method for the consolidation of Federal grant programs. The committee considered this at length, but did not include it in the amendment reported.

Throughout its consideration of the bill, the committee has remained in close communication with the Advisory Commission on Intergovernmental Relations and other organizations representative of government at the State, county, and local levels.

In opening hearings on S. 698, Senator Muskie characterized the bill as "a congressional initiative to help the States modernize their administration of Federal programs; to help the local governments to obtain coordinated Federal assistance in line with their comprehensive planning; and to help the people and the businesses get a fair shake when the Federal bulldozer plans to move in on them." He said that passage of the legislation would demonstrate recognition by the Congress that cooperation and coordination—the basic ingredients of the "new federalism"—start with local and State governments, with every measure of assistance and cooperation from the Federal level.

HEARINGS

Public hearings were held by the Senate Subcommittee on Intergovernmental Relations on May 9, 10, 14, 15, 16, 21, 22, 28, and 29, 1968, on S. 698, the proposed Intergovernmental Cooperation Act of 1967 and related legislation.

The bills, in addition to S. 698, on which testimony was taken, are S. 735, the proposed Federal Grant-in-Aid Review Act of 1967; S. 458, to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government; and S. 2981, the proposed Joint Funding Simplification Act of 1968.

More than 50 witnesses testified, including, among others: U.S. Senators Frank E. Moss, of Utah and Joseph D. Tydings, of Maryland; U.S. Representative Chester L. Mize, Second Congressional District of Kansas; Phillip S. Hughes, Deputy Director, Bureau of the Budget; William G. Colman, Executive Director, Advisory Commission on Intergovernmental Relations; Wayne Gibbens, director of State-Federal Relations for the State of Texas, presenting the statement of Gov. John Connally, vice chairman of the National Governors'

Conference; Nathaniel S. Keith, president of the National Housing Conference; Mrs. Gladys Spellman, commissioner of Prince Georges County, Md., representing the National Association of Counties; Mayor Beverly Briley of Nashville-Davidson County, Tenn., representing the National League of Cities and the U.S. Conference of Mayors; Edward Pothoff, city manager of Saginaw, Mich., representing the International City Managers' Association; John G. Reutter, president of the Consulting Engineers Council of the United States; Billy T. Sumner, vice chairman of the Professional Engineers in Private Practice Section of the National Society of Professional Engineers for the Southeastern Region; John Fisher-Smith, chairman of the Urban Design Committee, American Institute of Architects; Matt Triggs, legislative director, American Farm Bureau Federation; Joseph L. Miller, legislative director, National Parking Association; Theodore Libby and James Goralnick, representing the Roxbury, Mass., Chamber of Commerce; Charles Akerson, real estate consultant and appraiser; Miss Jo Bingham, assistant to the vice president of the Government Relations Division, National Association of Manufacturers; William L. Rafsky, president of the National Association of Housing and Redevelopment Officials; Dr. George Sternlieb, research director, Graduate School of Business, Rutgers-the State University, Newark, N.J.; Harold F. Wise, legislative chairman, American Institute of Planners; Miss Marian Wright, representing the Southern Christian Leadership Conference, accompanied by Mrs. Lela Mae Brooks, Mrs. Barbara Arsenault, Vincent Negron, George Francis, and Thomas Williams; Rev. Canon Donald A. Griesmann, director of the Episcopal Community Center, Camden, N.J., accompanied by Charles Sharp, chairman of the Black Peoples' Union Movement, Camden, N.J.; Wendell Freeland, member of the board of trustees, National Urban League, accompanied by Mrs. Maurice Jefferies, of the Washington Urban League; Clarence M. Mitchell, Jr., director, Washington Bureau, National Association for the Advancement of Colored People; Berkeley G. Burrell, president, National Business League; Secretary Robert C. Weaver, Department of Housing and Urban Development; William L. Taylor, Staff Director, U.S. Commission on Civil Rights; Lowell K. Bridwell, Federal Highway Administrator, Department of Transportation; Loney W. Hart, Chief of Legislative Services Office, Directorate of Real Estate, Office of Chief of Engineers, Department of the Army; Bettin Stalling, chairman of Council on Community Affairs, District of Columbia Chapter of Federal Bar Association; Harry L. Graham, legislative representative of the National Grange.

In opening the hearings, Chairman Muskie said:

S. 698 has 10 prospective titles and a great number of separate sections. It is, in fact, an omnibus bill. We welcome comments and suggestions on any and all parts of the bill, but I hope the witnesses will make a special attempt to cover some of what we consider to be the more significant current issues.

In title II, we provide for grant information to the States. What is the most effective means of channelling usable information to Governors and legislators concerning the impact and scope of Federal programs?

To what degree have the Bureau of the Budget and the Federal agencies coordinated their resources to provide this information?

The President's message on the quality of American Government and various Executive orders have stressed the need for free flow of information of this kind and we shall be interested to learn what new approaches can be used.

Title II also gives a permissive waiver to the single State agency concept. What has been the degree to which this requirement has tended to weaken executive power and leadership in State and local development programs, and how has it added to the difficulties of program coordination and planning.

In title III, permitting Federal technical assistance, we made a special attempt to improve the legislative language to meet the concern of private interests also providing special and technical services to State and local governments. Were our changes adequate, and are further changes needed to assure private enterprise an appropriate role in helping to improve our Federal system?

Title IV, although general in its language, is one of the most far-reaching requirements in the bill. It is a congressional mandate for a Federal intergovernmental coordination policy with respect to grant administration in urban development.

In view of what we now know of the urban crisis, is the language of title IV properly geared to present needs? Does it lead in the direction of a national policy that takes into account the need for balanced development of both urban and rural areas? Does it provide for coordination on the full scale necessary if national, regional, State, and local priorities are all to be fairly served?

This is the delicate balance of federalism. I have suggested a special "working secretariat" in the Office of the President, a National Intergovernmental Affairs Council, to speak for the President in hammering out this policy. That legislation is not a part of this bill; but this title deals with the same problem.

Title V concerns congressional review of future Federal grant programs. So also do S. 458 and S. 735. This idea has been with us for a long time, but there has been continuing opposition to some of the language we have used, particularly with reference to the provision for expiration after 5 years of grant programs hereafter approved without a termination date.

In title VI, we have a new approach to coping with the proliferation of Federal grants which, in some cases, has caused confusion in the federal system.

I would like testimony on the benefits of this proposal. What are the merits, the savings, the advantages to coordination and flexibility for State and local governments of this title?

Is this a realistic way of reducing over 500 authorizations and appropriations? Title VI is a step forward, but additional steps may be needed.

On title VII, I have a basic question. Will the language assure that future land transactions by the GSA will support, rather than frustrate, the efforts of local communities in their land planning and use programs?

Title VIII is, in my opinion, one of the most important titles in the bill. Although figures tend to be speculative, particularly in view of reduced Federal spending, we may expect the dislocation of over a million families and individuals, 180,000 businesses, and 40,000 farm operators over the next 10 years as a result of Federal or federally assisted programs.

Much of this will concern the poor and the elderly—white and black—where the impact hits with greatest force.

Are the measures we have provided adequate to assist and compensate these people and businesses in the light of what we now know about the personal and economic impact of dislocation today?

For those whose property is taken to make way for public improvement, is the fair market value standard of compensation enough to enable people to take up their lives in a similar or improved manner elsewhere?

What can be done to provide for relocation assistance at an earlier stage than is presently provided—for assistance at the stage when the planning and surveying of the proposed project is announced, and people panic? What can be done to relieve them of the fear of removal and smooth the road to orderly relocation?

With respect to title IX, have we succeeded in providing ground rules sufficient to insure that the Federal Government and State and local governments using Federal funds will deal fairly, whether by negotiation or condemnation, in taking land for public improvement?

The testimony of the witnesses dealt with all the questions raised by the chairman. It was overwhelmingly in support of the objectives of the legislation and produced many suggestions for additions and improvements, all of which were thoroughly considered by the committee.

SECTION-BY-SECTION ANALYSIS

TITLE I—DEFINITIONS

This title, as amended, contains the definition of 21 terms that are used frequently in the other titles of the bill.

Section 101 defines the term "Federal agency" as any department, agency, or instrumentality in the executive branch of the Federal Government and any wholly owned Federal Government corporation, and for purposes of title VII, Uniform Relocation Assistance, the term includes the Architect of the Capitol.

Section 102 defines "State" as is generally found in most Federal statutes, with the exception that the term does not include political subdivisions for purposes of title II through title VI. Such subdivisions are, however, included in the term "State" as used in titles VII, VIII, and IX. (Uniform Relocation Assistance, Uniform Land Acquisition, and Judicial Review).

Section 103, similarly provides standard definitions for "political subdivision" or "local government," meaning any local unit of government, including a county, municipality, city, town, township, or a school or other special district created under State law. This definition follows those jurisdictional units listed by the Bureau of the Census as political subdivisions of a State.

Section 104 defines a "unit of general local government" as any city, county, town, parish, village, or other general purpose political subdivision of a State.

Section 105 defines a "special purpose unit of local government" as any special district, public purpose corporation, or other strictly limited-purpose political subdivision of a State, but not including a school district.

Section 106 sets forth a comprehensive definition of the term "grant" or "grant-in-aid." It means money, or property provided in lieu of money, paid, or furnished by the United States under a fixed annual or aggregate authorization—(A) to a State; or (B) to a political subdivision of a State; or (C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency; if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specified directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

Section 107 defines the terms "Federal assistance," "Federal financial assistance," "Federal assistance programs," or "federally assisted programs," as programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

Section 108 defines "specialized or technical services" and primarily applies to title III of the amended bill. It means special statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions

which the Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized by law to perform. The listing was compiled by the Advisory Commission on Intergovernmental Relations and represents a summary of those services that State and local governments might be able to utilize under the provisions of title III.

Section 109 states that the definition of "comprehensive planning" includes the following, to the extent directly related to area needs or needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other governmental services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programing of capital improvements and other major expenditures, a determination of their relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulatory and administrative measures in support of the foregoing.

Section 110 defines the term "State agency," as applied to titles VII and VIII of the amended bill. It means any agency or instrumentality created by a State, or by a political subdivision of a State, or by agreement between two or more States, or by two or more political subdivisions of a State or States.

Section 111 states that the term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

Section 112 sets forth a comprehensive definition of the term "displaced person" primarily for purposes of title VII of the amended bill, covering a person who is the owner of a business; a farm operator of a farm operation; the head of a family; an individual, not a member of a family; and other individuals.

Section 113 defines the term "business" to mean any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the cultivation, processing, or marketing of timber; (4) for the sale of services to the public; or (5) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale for gain.

Section 114 states that the term "farm operation" shall mean any activity conducted solely or primarily for the production of one or more agricultural products or commodities, other than timber, for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support. At the suggestion of the Bureau of the Budget, the production of timber is excluded from the definition of a farm operation, but included in the definition of business in section 113 in order that windfall relocation payments may be avoided.

Section 115 defines the term "farm operator" as any owner, part owner, tenant, or sharecropper who operates a farm.

Section 116 provides that the term "family" shall mean two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

Section 117 defines the term "elderly individual" as a person, not a member of a family, who is 62 years of age or over.

Section 118 states that the term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

Section 119 defines the term "displaced," when used in relation to any person, as any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

Section 120 defines the terms "owner" and "person" to mean any individual, and any partnership, corporation, or association.

Finally, section 121 defines "real property" as used in the amended bill as including land, and any interest in land, including but not limited to easements, rights-of-way, water rights, and mineral interests. In particular, the question of water rights was discussed at considerable length by the subcommittee. It was observed that, in times past, water rights had not always been recognized as a valid property right for which compensation should be paid in accordance with applicable State and Federal laws. Therefore, the subcommittee specifically included water rights in the definition of "real property" for the purposes of the act.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON GRANT FUNDS RECEIVED

Section 201 provides that, upon request, the Governor of a State, or other official designated by him, or the State legislature, shall be notified in writing by any Federal department or agency of the purpose and amounts of Federal grants-in-aid going to the State or to its political subdivisions.

The multiplicity of Federal grant programs (over 500 separate authorizations and other 200 major programs) and the increasing magnitude of their funding make it highly desirable that State executives and legislatures be informed of the purpose and amounts of Federal grants-in-aid to States and to localities within the States for budget preparation and for the assistance this will afford them in the coordination and evaluation of public development programs.

The Bureau of the Budget, the Office of Economic Opportunity, and other Federal agencies are presently involved in the development of informational systems and materials which can be of particular importance in implementing the provisions of this section.

According to the Advisory Commission on Intergovernmental Relations, coordination of grant-in-aid programs is as critical a problem at the State level as it is at the Federal level, and Governors have a major responsibility in this area. A continuing flow of information will assist them in this role.

DEPOSIT OF GRANTS-IN-AID

Section 202 is designed to assist the States in more efficient accounting for funds derived from Federal grants-in-aid. It would provide that no Federal law or administrative regulation shall require any State to deposit grant-in-aid funds in a separate bank account apart from other funds administered by the State.

It is provided, however, that Federal grant funds made available to the States must be properly accounted for as Federal funds in the accounts of the State, and each State is required to render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by the Federal agency.

Some of the older Federal laws and regulations require that Federal money must be kept in separate bank accounts by State governments. However, with modern accounting methods and computer equipment, it is possible to identify appropriate fund accounts and obtain appropriate facts with respect to the fiscal status of such funds even though they are not deposited in separate accounts.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

Section 203 requires Federal agencies and departments to schedule their transfers of grant funds, consistent with program purposes and Treasury regulations, in a manner that will minimize the time between the Treasury transfer and the disbursement by the State.

Furthermore, the section provides that States shall not be held accountable for the interest earned on the grant funds, pending their disbursement for program purposes.

This section establishes a procedure to discourage the advancement of Federal funds for longer periods of time than necessary. The Department of the Treasury has already moved administratively to achieve this objective in its Departmental Circular No. 1075, issued May 28, 1964. Under this circular, a letter of credit procedure has been established which maintains funds in the Treasury until needed by recipients. Advances are limited to the minimum allowances that are needed and are timed to coincide with actual cost and program requirements. This section is designed to place this administrative practice on a legislative basis and to extend it to cover disbursements which occur both prior and subsequent to the transfer of funds. It is further intended that States will not draw grant funds in advance of program needs.

Decisions of the Comptroller General of the United States have in the past required that recipients of Federal grants return to the Treasury any interest earned on such grants prior to their use, unless Congress has specifically precluded such a requirement. The new techniques, such as the letter of credit and sight draft procedures now used by Treasury, should minimize the amount of grants advanced, and thus it should not be necessary to continue to hold States accountable for interest or other income earned prior to disbursement.

ELIGIBLE STATE AGENCY

Section 204 provides that the head of any Federal department or agency may, upon the request of the State executive or appropriate legislative authority, waive the "single State agency, multimember board or commission" requirement in Federal grant programs under certain conditions:

(1) That there is an adequate showing that the single State agency requirement prevents the most effective and efficient administration of the Federal program by the State; and

(2) That under such waiver, the objectives of the Federal program will not be endangered by the new State structure designated to run the program.

The intent of this section is to give a flexibility to the States in any reorganization of their executive structures to meet modern day problems of coordination in planning and programing of their development goals.

The Advisory Commission on Intergovernmental Relations estimates that almost three-fourths of total Federal grant funds are disbursed under "single State agency" requirements.

The merits of the single State agency requirements now appear to be largely historical. In the formative years of the public assistance, for example, the requirement was essential to bring order out of chaos in the existing as well as newly emerging public assistance programs in the States. It was necessary then that the Federal agency have one and only one State agency to deal with in matters regarding public assistance and that this agency be held responsible for administering these programs. With improved State administration of Federal aid programs, however, and the pressing contemporary need of the States to restructure their governmental organization in order to keep abreast of their added functions and responsibilities, the kind of flexibility permitted by section 204 is of the utmost significance.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

Section 301 declares it to be the purpose of the title to encourage intergovernmental cooperation in the conduct of specialized or technical services and the provision of facilities essential to State and local program administration; to assist State and local governments in avoiding unnecessary duplication in special service functions; and to authorize Federal departments and agencies, not already authorized, to provide specialized or technical assistance to the States and localities on a reimbursable basis.

AUTHORITY TO PROVIDE SERVICE

Section 302 authorizes the head of any Federal department or agency, within his discretion, and upon written request from a State or any of its political subdivisions, to provide specialized or technical services.

Such services are to be provided upon payment to the Federal department or agency by the requesting State or local government of the salaries and all computable overhead and indirect costs of performing

such services. The services to be provided shall include only those which the Director of the Bureau of the Budget determines through rules and regulations. Such rules and regulations are required to be consistent with and in furtherance of the Federal Government's policy of relying upon the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

During hearings on a predecessor title in S. 561, 89th Congress, the question arose as to whether the authorization of Federal special and technical services constituted a threat to private business and professional interest, particularly those of engineers and architects. The present language of section 302 is designed to provide a safeguard against this potentiality, and this language has met with the approval of the major private organizations which have expressed concern.

REIMBURSEMENT OF APPROPRIATION

Section 303 requires that any payments received by the Federal departments and agencies for special or technical services shall be deposited to the credit of the principal appropriation which is to be charged for the cost of providing such services, or to the appropriation currently available for the cost of similar services. Performance of the service for State and local governments thus would not interfere with the agency's fiscal ability to fulfill its other responsibilities.

REPORTS TO CONGRESS

Section 304 calls for an annual report in summary form, of the scope of the services provided under this title. The reports are to be submitted to the respective Committees on Government Operations of the Senate and House of Representatives.

RESERVATION OF EXISTING AUTHORITY

Section 305 reserves the authority now possessed by a Federal department or agency with respect to furnishing specialized services to State and local governments. It is not the intention to alter any current provision for the rendering of such services, whether they are currently provided on a reimbursable or nonreimbursable basis.

In fact, the "services in aid" policy stipulated in this title is entirely permissive, leaving it up to the State and local governments to make their requests and work out with the Federal departments and agencies agreements as to scope and costs of services to be performed.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

This title provides for a coordinated Federal policy with respect to all Federal programs and projects having a significant impact on area and community development, both urban and rural.

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

Section 401(a) declares that the economic and social development of the Nation and the achievement of satisfactory levels of living depend upon sound and orderly development in all areas, both urban

and rural. It further states that in a time of rapid urbanization, the development of urban communities depends to a large degree upon the social and economic health and sound development of smaller communities and rural areas.

It provides that the President shall establish rules and regulations for uniform application in the formulation, evaluation, and review of Federal programs and projects to the end that they shall most effectively serve these basic objectives. More definitively, such rules and regulations shall provide for the full consideration of the achievement of the following specific objectives, and to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

- (1) Appropriate land uses for residential, commercial, industrial, governmental, institutional, and other purposes;
- (2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;
- (3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;
- (4) Adequate outdoor recreation and open spaces;
- (5) Protection of areas of unique natural beauty, historical, and scientific interest;
- (6) Properly planned community facilities; including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes;
- (7) Concern for high standards of design; and
- (8) Any other objective through which Federal or federally assisted development programs or projects can contribute to the balanced economic, social and cultural development of the Nation and the achievement of enhanced levels of living.

Section 401(b) requires that all viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. Regional, State, and local government objectives shall be considered and evaluated within a framework of national public objectives, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

Section 401(c) provides for the interrelationship between urban development and State, regional, and local comprehensive planning. It requires that to the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

Section 401(d) establishes a congressional policy for coordination among Federal agencies. It requires that each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

Section 401(e) concerns planning coordination. It requires that insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and made part of comprehensive local and areawide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

Section 402 states that where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

Section 403 provides that the Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

The need for this national policy of coordination and cooperation, as set forth in section 401, is manifest in the light of the tremendous growth of Government at all levels in our Federal system.

There are today over 82,000 local units of government, most with their own taxing, planning, and operating powers, and most eligible for some form of Federal assistance. There are 50 State governments with hundreds of relatively autonomous State departments, agencies, and authorities, all carrying additional operating and planning responsibilities. State and local governments have increased their expenditures from \$21 billion in 1948 to an estimated \$100 billion this year. Their governmental employment has increased from 3.6 million in 1946 to nearly 9 million.

Governmental activity with respect to domestic assistance is also fragmented. There are over 21 departments and agencies presently administering over 500 separately authorized programs, of which at least one-half can be considered of major importance to State and local development. Nearly 100 of these programs have separate planning requirements. In fiscal year 1969, total Federal grant programs dealing with national goals in a joint endeavor by Federal, State, and local governments will reach \$20 billion. This is a tripling of Federal aid in 10 years, while State and local expenditures have more than doubled. In addition, Federal direct payments to individuals in those areas which relate to social and economic development will add an additional \$30 billion contribution.

There are Federal project grants and apportioned grants, open-ended grants, shared revenues, loans, and technical assistance. Some Federal programs are processed through State agencies, some through county governments, others directly through smaller units of local government, special authorities, and in some instances, private organizations. Some programs require the approval of planning bodies; some do not. All Federal programs provide a barrage of rules, regulations, and procedures to be followed as a condition for the grants. Many States have their own grants-in-aid which add to the Federal contribution.

In his message to the Congress in March 1967 on the quality of American Government, President Johnson said that because of the social and economic legislation passed in recent years, the Nation now has the programs that can lift the quality of American life higher than any before us have known.

"What remains now," said the President, "is to improve the quality of government—its machinery, its manpower, its methods." "The partnership which links every level of our government is the genius of our system as that system took life under the Constitution," the President said.

Title IV is directed toward the objectives stated by the President—a more effective partnership with the Federal system to improve the quality of government and the quality of life in the Nation.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

Section 501 sets forth the purpose of this title: That there shall be established a uniform policy of review of future grants-in-aid by the Congress and that such programs shall be revised or redirected as necessary to meet new conditions, and terminated when they have substantially achieved their purpose.

It is further the purpose of this title to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in the operation thereof.

EXPIRATION OF GRANT-IN-AID PROGRAMS

Section 502 provides that in those cases where Congress subsequently authorizes grants-in-aid to two or more States, or to their political subdivisions, and where no expiration date is specified by law and there is no specific exemption, they shall be automatically terminated in 5 years from the effective date of the legislation.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

Section 503 provides for Senate and House review of all future grant-in-aid programs which have authorizations of more than 3 years. Such review shall consider the extent to which the purposes of the programs have been met, the extent they can be carried on with or without further financial assistance, changes needed in direction, administration, or purpose, and the adequacy of the programs.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

Section 504 provides for continuing studies of Federal grant programs to be made by the Comptroller General of the United States.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Section 505 provides that on the request of any committee in the Senate or in the House, the Advisory Commission on Intergovernmental Relations shall conduct studies of the intergovernmental relations aspects of such Federal grant programs, including their impact on the structural organization of State and local governments, and the coordination of Federal administration with State and local administration.

RECORDS AND AUDIT

Section 506(a) provides for the keeping of records by State and local grant recipients, including those which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

Title V has a lengthy legislative history dating back to the 87th Congress. In substantially its present form, it has twice been passed by the Senate—as S. 2114, which was passed in the 88th Congress and as title III of S. 561, which was passed in the 89th Congress. In neither instance did the House take final action on the legislation.

The Advisory Commission on Intergovernmental Relations has repeatedly urged adoption of this measure, as in its report on "Periodic Congressional Reassessment of Grants-in-Aid to State and Local Governments" (1961). The Joint Committee on Congressional Reorganization in one of its major findings clearly underscored the need for this title. It was strongly supported in hearings on S. 698, with questions raised only with reference to the 5-year termination provision. The Advisory Commission testimony made the following points on this provision: It does not apply to those future grant-in-aid programs that would have a termination date; it would not apply to grants wherein Congress had waived application of this termination provision; and it would apply only to those grants which Congress—for some reason or other—failed to designate as on-going or short-run programs.

As a practical matter and if the past is any guide, few grants-in-aid would be affected by this termination provision. The Advisory Commission reported on its analysis of recently enacted grant programs indicating that Congress as a matter of course now provides expiration dates for almost all grant programs. Of the 41 enactments of new or expanded grant programs in 1965, all but three contained expiration or other limiting provisions. Of the 30 major grant-in-aid enactments in 1966, only four contained no expiration provision. Of the 17 enacted during the first session of the 90th Congress (1967), only one had no expiration provision. Finally, of the four passed thus far in this session, only one lacks such a provision. The Commission submitted for the record a list of grant-in-aid programs enacted during the period 1961-68 (April), showing the extent to which specific expiration dates have been provided.

TITLE VI—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN
URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND
UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES
ACT

The object of title VI is to amend the Federal Property and Administrative Services Act by adding a new title VIII to that act (see 40 U.S.C. 471, et seq.). This new title to the act has five sections.

Section 801 cites the new title as the "Federal Urban Land-Use Act."

Section 802 declares the purpose of the new title to promote more harmonious intergovernmental relations and to encourage sound planning, zoning, and land-use practices by prescribing uniform policies and procedures whereby the General Services Administrator shall acquire, use, and dispose of land in urban areas in order that such land transactions, shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made in accordance with planning and development objectives of the local governments and local planning agencies concerned.

Section 803(a) states that whenever the Administrator contemplates the disposal of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over the zoning and land-use regulations in the geographical area within which the land is located in order to afford such government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

Section 803(b) provides that the Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning (1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and (2) current availability to such property of streets, sidewalks, sewers, water street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

Section 804(a) of the new title requires that to the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

Section 804(b) provides that in the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable (1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such units; and (2) comply with

and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

Section 805 provides that the procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

Section 806 is concerned with definitions especially related to the new title VIII of the Federal Property and Administrative Services Act. These involve "unit of general local government," which is similar to the definition under the amended bill; "urban area"; and "comprehensive planning."

Title VI provides for uniform procedure for acquisition, use and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with local governments' planning and land use goals. The U.S. Conference of Mayors and the National League of Cities have adopted specific resolutions calling for this title and it is wholly consistent with the findings and recommendations in the Advisory Commission's report on the impact of Federal urban development programs on local government organization and planning.

Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets, and other local governmental functions. At present there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs that seek to strengthen local and areawide planning and land-use regulations. The notice required in disposition proceedings would give local governments an opportunity to zone the use of such land in accordance with local comprehensive planning objectives. Moreover, the GSA Administrator in such proceedings, to the extent feasible, would furnish any prospective purchasers with local planning information relating to zoning, land use, and other regulations which would be applicable to the use and development of the property offered for sale. In acquiring or changing the use of real property in urban areas, the Administrator, to the extent practicable, would consider all objections made by the affected local government relating to possible conflicts with its zoning regulations or planning objectives and GSA is required to comply with such regulations and objectives—to the extent he determines feasible. The language of this title clearly protects the Federal interest in these various proceedings. At the same time, due consideration is given to protecting the legitimate planning and land use objectives of urban local governments.

The thrust and even some of the language of this title closely resemble legislation enacted in the 88th Congress establishing similar procedures for sale or disposition of public lands by the Department of Interior (78 Stat. 986). The following excerpt from the regulations issued by the Department of Interior on this act (Federal Register, Feb. 20, 1965) demonstrate that the procedures established in title VI of S. 698 are both practical and desirable:

Disposal programs will be scheduled in a manner to make all actions consistent with established or proposed State or local governmental programs and with State, county, and

other local governmental master and detailed plans. Disposals within the area of influence of growing communities will be deferred until local governmental master plans have been adopted and zoning regulations are in effect. However, in the absence of master plans, critical needs in such areas or influence may be met if such action appears proper to the authorized officer after consultation with the appropriate local planning and governing officials.

No less than 90 days before offering for sale lands which have been classified for disposal under the act in accordance with the procedures in part 2410, the authorized officer will notify the head of the governing body of the political subdivision of the State having jurisdiction over zoning in the geographic area within which the lands are located, to afford that body an opportunity to zone the land for use in accordance with local planning and development.

TITLE VII—UNIFORM RELOCATION ASSISTANCE

DECLARATION OF POLICY

Section 701 states that it is the purpose of this title to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by any Federal agency under a Federal program, or by any State or local agency under a federally assisted program. Section 701 provides that as far as practical, such persons shall be left not worse off economically than they were before being displaced. It provides that such a policy shall be uniform as practicable as to relocation payments, advisory assistance, assurance of availability of standard housing, and Federal reimbursement for relocation payments under federally assisted programs.

PART A—FEDERAL PROGRAMS

RELOCATION PAYMENTS

Section 702 provides that a person displaced by a Federal acquisition program shall be given his choice of reimbursement (1) according to his fair and reasonable expenses of relocation or (2) according to a fixed or formularized schedule of various payments. Under the first alternative, such person would have to make a formal application and prove his expenses in accord with administrative procedures and regulations. Under the second alternative—geared primarily to assisting lower-income displacees—there is made available to him a simplified procedure whereby he can receive fixed relocation payments in lieu of itemizing and justifying his relocation expenses.

A major effect of the section would be to standardize relocation payments among all Federal agencies involved in the acquisition of real property.

Section 702(a) provides that heads of Federal agencies are required to make fair and reasonable relocation payments to displaced persons in accordance with regulations established by the President under section 705 of the bill. This is the administrative procedure of reimbursement described in the first alternative above.

Section 702(b) provides that in addition to payments authorized by 702(a), a payment of \$300 is authorized to be made to any displaced person who moves from a dwelling if such person purchases a dwelling for the purpose of residence within a year from the date of the actual displacement.

Section 703(c) begins a series of optional payments referred to in the second alternative described above. In lieu of his actual and reasonable expenses of relocation, a person who moves or discontinues his business may elect to receive from the Federal agency a fixed relocation payment in an amount equal to the average net earnings of his business, or \$5,000, whichever is the lesser. However, no payment shall be made under this subsection unless the head of such agency is satisfied that the business (1) cannot be relocated without a substantial loss of its existing patronage, and (2) is not a part of a commercial enterprise having at least one other establishment, not being acquired by the United States, which is engaged in the same or similar business.

This subsection also provides that the fixed relocation payment to a displaced person who is 62 years of age or over may be increased by an amount equal to twice the average annual net earnings of his business or \$5,000, whichever is the lesser.

For purposes of this section, average annual net earnings are defined as one-half of any net earnings of the business, before Federal, State, or local income taxes during the 2 taxable years preceding the taxable year in which the business moves. Such earnings would include any compensation paid by the business to the owner, his spouse, or his dependent children during this 2-year period and would be established by pertinent income tax returns. This provision recognizes the economic impact of displacement on the proprietor who must buy an established concern; reestablish his business at a different location; or discontinue business operations and, in some cases, lose his livelihood as a result. Moreover, it permits disbursements to a qualifying displaced concern promptly after a move and with a minimum of administrative expense and redtape.

Section 702(d) concerns a displaced person who moves from a dwelling. In lieu of payments authorized under Section 702 (a) and (b), he may elect to receive: (1) a moving expense allowance, determined according to a schedule established by the head of the Federal agency, not to exceed \$200; (2) a dislocation allowance equal to the amount paid for moving expenses or \$100, whichever is lesser; and (3) an additional payment of \$300 if the displaced person purchases a residence within 1 year from the date of actual displacement.

Section 702(e) concerns a displaced person who moves or discontinues a farm operation. In lieu of payments authorized by Section 702(a), he may elect to accept a fixed relocation payment in the amount of \$1,000. In the case where the entire farm operation is not acquired by the Federal agency, the payment authorized shall be made only if the head of the agency determines that the remainder of the property is no longer an economic unit.

The lump-sum payment under this subsection is intended to cover such costs as moving expenses, loss of property, and related costs in securing a replacement farm or adjusting to nonagricultural activity. It should be noted that payments under this subsection relate

to relocation or discontinuance of a farm operation. A farm operator who is forced to move from a dwelling is covered in the same manner as any other displaced person in section 702(d).

This subsection is designed primarily to assist the small farm operator. The large farm or ranch operator who incurs sizable moving expenses and costs in searching for replacement property obviously will prefer to claim reimbursement as provided under section 702(a) of this title.

Sections 702(f) and 702(g) relate to reimbursement in addition to amounts authorized under the provisions of section 702 (a) and (b), or the optional payments under section 702 (c), (d), and (e).

Section 702(f)(1) authorizes the head of the Federal agency to pay to any displaced family, displaced elderly individual, or displaced handicapped individual, monthly payments over a period not to exceed 2 years, and totaling not more than \$500 in the first 12 months and \$500 in the second 12 months for relocation in "a decent, safe, and sanitary dwelling." This additional payment shall be an amount which, when added to 20 percent of the annual income of the displacee, will equal the average annual rental required for a decent, safe, and sanitary dwelling of modest standards adequate to accommodate the displaced family or individual in areas not generally less desirable in regard to public utilities and commercial facilities.

The subsection further provides that such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Secretary of Housing and Urban Development to have the same general purposes as such federally assisted program, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965.

The amount of the monthly payment an eligible person would receive can be easily computed by determining the average annual rental required for such a dwelling—deducting from this amount 20 percent of the annual income of the displaced family or individual—and dividing by 12. It is hoped that by the end of the 2-year period during which monthly payments would be made to such persons, there would be a significant increase in the supply of standard low-income and medium-income housing. Further, it is hoped that some of the families involved would have increased their incomes and rent-paying capacity. Finally, the committee believes that these relocation assistance payments will ease the transitional period during which some displaced persons must adjust to somewhat higher housing costs.

Section 702(f)(2) authorizes the Secretary of Housing and Urban Development to make the determinations necessary under this subsection on the amount of assistance according to family size, family or individual income, average rents required, and similar considerations, for all agencies making such payments.

Section 702(f)(3) authorizes payments made under the subsection to be paid on a lump sum or other than a monthly basis in cases where the small size of the payments do not warrant a number of separate payments, or in other cases where monthly payments are determined by the head of the Federal agency to be not warranted.

Section 702(f)(4) states that no payment under the subsection shall be considered as income for the purpose of determining the extent

of eligibility of any person for assistance under the Social Security Act or any other Federal act. This would have particular application to public welfare recipients in addition to those on social security.

Section 702(g)(1) authorizes new benefits not included in the Uniform Relocation Act, S. 1681, which passed the Senate in the 89th Congress. It provides that in addition to all other amounts authorized, the head of the Federal agency shall pay to the owner of real property acquired (where the property is a single- or two-family dwelling occupied by the owner for a period not less than a year prior to negotiations for taking) an amount, up to \$5,000, which when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards, adequate in size and reasonably accessible to public services and places of employment and available on the private market.

Such payment shall be made only to a displaced owner who purchases and occupies a dwelling within 1 year subsequent to the date on which he is required to move.

This subsection specifically deals with the problem of the owner-occupant whose real property is acquired, but at a market value not sufficient to enable him to obtain a decent, safe, sanitary, and adequate dwelling elsewhere with the proceeds he received. This situation most frequently occurs where the private market is no longer producing a significant volume of new housing in price ranges comparable to that being acquired. This additional economic benefit to the owner-occupant was suggested by the Bureau of the Budget, and it represents a meritorious step in reducing the hardships which continually occur through strict interpretations of the "fair market value concept" in the public acquisition of real property.

Section 702(g)(2) requires that the Secretary of Housing and Urban Development shall make the determinations under this subsection on the prices prevailing in the locality for dwellings meeting the requirements of section 702(g)(1) for all Federal agencies making payments thereunder.

RELOCATION ASSISTANCE PROGRAMS

Section 703(a) requires that when a Federal agency acquires real property for public use, it shall provide a relocation assistance program which shall offer services as described in section 703(c) set forth below. It also requires that such assistance be supplied to persons occupying property immediately adjacent to the real property acquired where substantial economic injury has been caused by the public improvement.

Section 703(b) requires that Federal agencies administering programs that could be of assistance in the relocation of displaced persons shall cooperate to the maximum extent feasible with the agency causing the displacement to assure that displaced persons received the maximum assistance available.

Section 703(c). This subsection spells out the type of relocation assistance programs required by section 703(a). Each such program shall include to the maximum extent practicable such measures, facilities, or services as may be necessary or appropriate in order—

(1) To determine the needs of displaced families, individuals, business concerns, and farm operators for relocation assistance;

(2) To assure that within a reasonable period of time prior to displacement, there will be available, in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of, and available to, such displaced families and individuals and reasonably accessible to their places of employment;

(3) To assist owners of displaced businesses and displaced farm operators in obtaining and becoming established in suitable business locations or replacement farms;

(4) To supply information concerning the Federal Housing Administration home acquisition program under section 221(d)(2) of the National Housing Act, the small business disaster loan program under section 7(b)(3) of the Small Business Act, and other programs offering assistance to displaced persons;

(5) To assist in minimizing hardships to displaced persons in adjusting to relocation; and

(6) To assure the coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community or nearby areas which may affect the carrying out of the relocation program.

With respect to item 2 above, the President is authorized to prescribe by regulations situations when such assurances may be waived.

Provisions (1) through (5) above, in effect, extend present urban renewal relocation assistance requirements to all Federal programs.

Section 703(d) amends the Small Business Act to provide assistance to any small business concern if it is determined that such an establishment has suffered substantial economic injury as a result of a Federal, federally aided, or State public improvement program. The Housing Act of 1961 authorized the Small Business Administration to make loans on favorable terms to displaced business concerns suffering such injury. Many small business concerns are adversely affected even though the property they occupy may be located outside the boundaries of the development project; highway-oriented businesses generally are most adversely affected. This subsection would provide loan assistance for these and other concerns, as well as for business enterprises actually displaced.

STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

Section 704 provides that the same requirements for relocation payments and assistance programs shall apply in cases where a State agency requires real property for a Federal public improvement project. Data compiled by the House select subcommittee revealed that some displacements have occurred when local interests have acquired the necessary lands for the Federal Government. In some of these cases, the Federal agency in question has been unable or unwilling to extend relocation payments.

AUTHORITY OF PRESIDENT

Section 705(a) sets forth the areas of authority granted to the President in making rules and regulations to carry out the provisions of title VII.

First, the subsection requires that relocation payments authorized by section 702 shall be fair and reasonable and as uniform as practicable.

Second, it requires that a displaced person who makes application for relocation payments under the administrative approach contained in section 702(a) (as contrasted with the optional approach in sections 702 (c), (d), and (e)) shall be reimbursed for or paid his actual and reasonable expenses in moving himself, his family, his business, farm operation, or other personal property, and for his expenses in searching for a replacement property. If he disposes of personal property on moving his business or farm operation and replaces such property at a new location at a price exceeding the sale price of the disposed property, he shall be entitled to the difference between the sale and purchase prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less. He also shall receive reimbursement for such other expenses as may be provided for by regulations issued by the President under this section.

Section 705(a) establishes further requirements. A displaced person who makes proper application for a relocation payment shall be paid promptly after his move, or in hardship cases the President may, by regulation, authorize advance payment. Any person aggrieved by a determination as to eligibility for a relocation payment, or the amount of such payment, may have his application reviewed by the head of the agency. Finally, the displacee shall have a reasonable time in which to apply for a relocation payment under title VII.

Section 705(b) permits the President, by regulation to establish a limitation on the amount of a relocation payment authorized under section 702(a) with due consideration to the declaration of policy in section 701 of the title. The committee feels that discretionary authority is needed in order that relocation costs shall not exceed the bounds of reasonableness with respect to the Federal project. However, the overall objectives of fair and equitable treatment as stipulated in the declaration of purpose and other fiscal guidelines in the title shall be given primary consideration in imposition of any limitations set forth by the President.

Section 705(c) authorizes the President to require affected Federal agencies to use established relocation facilities of other Federal agencies or State and local agencies in carrying out relocation activities. This subsection seeks to eliminate unnecessary expense and overlapping of relocation functions and is intended to assist in promoting more uniform and effective administration of relocation assistance payments.

Section 705(d) authorizes the President to make such other rules and regulations as may be necessary to carry out responsibilities under this act.

Section 706 stipulates that funds appropriated or otherwise available to any Federal agency for the acquisition of real property, or any interest therein, are available for obligation and expenditure to implement provisions of this act.

PART B—FEDERALLY ASSISTED PROGRAMS

Part B of title VII is concerned with the displacement of persons from their homes, businesses, and farms as a result of real property acquisitions by State and local governments in programs receiving Federal assistance. It is the intention of the committee to apply protection to those persons displaced under these federally assisted programs in much the same manner that they are protected under programs of direct Federal acquisition.

RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF AVAILABILITY OF HOUSING

Section 707(a) requires, in essence, that State and local governments administering federally assisted development programs must also agree to provide the relocation payments, services, and assurances of available housing that are required of Federal agencies, as a condition for receiving the Federal assistance for the programs involved.

More specifically, the subsection requires (1) the same fair and reasonable payments as authorized under section 702 (a) and (b) through administrative application and negotiation, and subject to regulations and limitations authorized by the President; (2) the same fixed or formularized relocation payments which were provided as optional payments under section 702 (c), (d), (e), and (f) and (3) relocation assistance services described in section 703(c). In addition, the subsection requires that State and local recipients must provide a feasible method for the temporary relocation of families and individuals displaced from the property acquired, and assurance that within a reasonable period of time prior to displacement, there will be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and individuals and reasonably accessible to their places of employment.

The payment of up to \$5,000 to the owner-occupant of a dwelling in addition to the acquisition payment received for his home, as set out in section 702(g), must also be included as an additional payment under federally assisted programs. However, no such payment will be included as a project cost if the owner-occupant receives a payment required by the State law of eminent domain which is determined by the head of the Federal agency to have substantially the same purpose and effect as subsection 702(g) and to be part of the cost of the project for which Federal financial assistance is available.

Section 707(b) begins a series of further conditions which must be met by State and local governments receiving Federal assistance affecting real property acquisitions and displacement. This subsection states that as a condition for receiving further Federal assistance, the Federal agency shall require the State or local agency to give assurances before displacement occurs that decent, safe, and sanitary dwellings are available for the relocation of each displaced individual or family. This requirement that suitable relocation housing be available to displaced persons within a reasonable time prior to their

actual displacement is critically important to accomplishment of the purposes of this title. It is intended that it be administered in accordance with the declaration of policy of title VII that "persons should be left no worse off economically than they were before being displaced."

Section 707 provides that the cost to a State agency of providing relocation payments and services may be included as part of the cost of the project for which Federal financial assistance made available to the State agency, and the State agency shall be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other project costs. It is provided, however, that notwithstanding any other law the Federal agency providing such assistance shall contribute the first \$25,000 of the cost of providing such payments to any person displaced prior to July 1, 1971, and that no State agency need agree to make any relocation payment in excess of \$25,000 to any displaced person in order to receive Federal assistance.

S. 698, following its predecessor, S. 561, provided for the full Federal contribution of 100 percent of relocation costs up to \$25,000 for an unlimited period. This followed established practice in the Federal housing and urban development programs, notably the urban renewal program. The Bureau of the Budget opposed this provision, taking the position that the cost of relocation should be considered as a part of the cost of the acquisition of land, to be shared in accord with the particular cost-sharing arrangements authorized for each Federal-aid program.

The Bureau recommendation would have deferred the effective date of this portion of S. 698 to allow the State and local governments up to 3 years in which to remedy any lack of legal authority to make the required payments.

Section 707(c), as amended, is a compromise between the two positions. In authorizing Federal contribution of relocation costs up to \$25,000 during the first 3 years, it provides for payments to displaced persons during a period when human dislocation resulting from public improvement programs may be particularly severe. In deferring for 3 years the date after which State and local agencies must share in relocation costs, it allows ample time for such agencies to obtain any needed legal authority to comply with this requirement.

At the end of the 3-year period, a State or local agency which has not obtained any legal authority needed to conform to the requirements of section 707(c), will be unable to obtain Federal assistance for the project to which the relocation requirements are related.

Section 707(d) is directed to the prevention of duplication of functions. It seeks uniformity and coordination of relocation assistance programs at State and local levels. It states that any agreement by a State agency under subsection (a) of this section shall provide that such agency may make relocation payments or provide relocation assistance or otherwise carry out its functions under this title by utilizing the facilities, personnel, and services of any other State agency having an established organization for conducting relocation assistance programs.

Sections 707 (e) and (f) are administrative sections dealing with amendments to the Federal contract with States and localities, and the advancement of the Federal funds for relocation payments.

Section 708 makes any displacee under any project or program receiving Federal assistance under title I of the Housing Act of 1949 a "displaced person" under title VII.

Section 709 is the usual "severability provision" found in many pieces of Federal legislation. It states that if any provision of this title, or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of the provision to other persons or circumstances shall not be affected thereby.

Section 710 repeals all existing provisions of Federal law which are to be replaced by the provisions of this title. Those Federal assistance programs which do not now have relocation provisions are automatically covered by the provisions of this title.

TITLE VIII—UNIFORM LAND ACQUISITION POLICY

PART A—FEDERAL PROGRAMS

Title VIII, like title VII, is set forth in two parts, the first, part A, relating to the taking of real property by Federal agencies directly; and the second, part B, related to real property taking by State or local agencies under federally assisted programs.

UNIFORM POLICY ON LAND ACQUISITION PRACTICES

Section 801(a) set forth a congressional mandate of 12 provisions which Federal agencies must follow in the taking of real property for Federal purposes:

(1) Transactions shall be conducted in such a manner as to assure to the extent possible that persons whose property is acquired shall not be worse off economically than they were before the property was acquired.

(2) Every reasonable effort shall be made to acquire real property by negotiated purchase.

(3) Real property shall be appraised before the initiation of negotiations, and the owner or his designated representative shall be given an opportunity to accompany the appraiser during his inspection of the property.

(4) Before the initiation of negotiations for property, the head of the Federal agency concerned shall establish a price which he determines to be a fair and reasonable consideration therefor, which price shall not be less than the appraised value of the property as approved by such agency head, and he shall make a prompt offer to acquire the property for the full amount so established. This provision is intended to assure that the Government will reimburse a property owner in an amount which is fair and reasonable, and that its offer to the owner shall not be less than appraised value. It is not intended to preclude effective negotiation or to establish a one-price policy.

(5) No owner shall be required to surrender possession of real property before the head of the Federal agency concerned pays the agreed purchase price, or deposits with the court in an amount not less than the appraised fair value of such property as determined by such agency head, or the amount of the award of compensation in the condemnation proceeding for such property.

(6) The construction or development of public improvements shall be so scheduled that, to the greatest extent practicable, no person lawfully occupying real property will be required to move from a dwelling, or to move his business or farm operation without at least 90 days' written notice from the head of the Federal agency concerned, of the date by which such move is required.

(7) If the head of the Federal agency concerned does not require a building, structure, or other improvement acquired as a part of the real property, he shall where practicable offer to permit its owner to remove it.

(8) If the head of a Federal agency permits an owner or tenant to occupy the real property acquired on a rental basis for a short term or for a period subject to termination by the Government on short notice, the amount of rent required shall not exceed the fair rental value of the property to a short term occupier.

(9) In no event shall the head of a Federal agency either advance the time of condemnation, or defer the condemnation and the deposit of funds in court for the use of the owner, in order to compel an agreement on the price to be paid for the property. If an agency head cannot reach an agreement with the owner, after negotiations have continued for a reasonable time, he shall promptly institute condemnation proceedings and, at the same time or as soon thereafter as practicable, file a declaration of taking and deposit funds with the court if possession is required prior to the entry of the judgment in the condemnation proceeding.

(10) If an interest in real property is to be acquired by exercise of the power of eminent domain, the head of the Federal agency concerned shall, except as to property to be acquired under section 25 of the Tennessee Valley Authority Act of 1933, request the Attorney General to institute formal condemnation proceedings. No Federal agency head shall intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of his property.

(11) If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the head of the Federal agency concerned shall offer to acquire the entire property.

(12) In determining the boundaries of a proposed public improvement, the head of the Federal agency concerned should take into account human considerations, including the economic and social effects of such determination on the owners and tenants of real property in the area, in addition to engineering and other factors.

Section 801(b) makes clear that the above provisions shall not affect the validity of any acquisitions by purchase or condemnation.

BUILDINGS, STRUCTURES, AND IMPROVEMENTS

Section 802(a) states that if the head of a Federal agency acquires land or any interest in and for public use in a State, he shall acquire a like interest, or greater interest, in all buildings, structures, or other improvements comprising part of the real property so acquired which are required to be removed from the land which, in the opinion of such agency head, will be adversely affected by such public use.

However, there are situations where the buildings, structures, and improvements do not belong to the owner of the land, but are the property of a tenant or other person holding legal possession. In such instance section 802(c) provides that for the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of the building, structure, or improvement, which shall be determined as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property. It is provided (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law, (2) that the fee owner of the land involved shall disclaim any interest in the improvements of the lessee, and (3) the lessee in consideration for such payment shall assign, transfer, and release to the United States all his right, title, and interest in and to such improvements. It is also provided that no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law.

EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED STATES

Section 803 provides for reimbursement of the owner as soon as possible after the real property has been purchased or compensation awarded under condemnation with respect to the following expenses:

- (1) Recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;
- (2) Penalty costs for prepayment of mortgage incident to such real property, provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the authorized Federal agency; and
- (3) The pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

PART B—FEDERALLY ASSISTED PROGRAMS

REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREEMENTS FOR FEDERAL FINANCIAL ASSISTANCE

Section 804 sets forth the requirements and conditions which must be agreed to by State or local recipients of Federal assistance in connection with projects involving the acquisition of real property.

Section 804(a) states that no Federal assistance will be available to any State or local agency in whole or in part to pay the cost of acquisition of real property or of a public improvement for which real property is to be acquired unless such agency agrees to the following:

(1) That every reasonable effort shall be made to acquire the real property by negotiated purchase;

(2) That the construction or development of the public improvement shall be so scheduled that, to the greatest extent practicable, no person will be required to move from a home, farm, or business location without at least 90 days' written notice from such State agency of the date by which the move is required; and

(3) That it shall be the policy of the head of the State agency, before initiating negotiations for real property, to establish a price which he believes to be a fair and reasonable consideration therefor, such price not to be less than the appraised value of the property as approved by such State agency head, and to make a prompt offer to acquire the property for the full amount so established.

Section 804(b) states that on or after July 1, 1971, no Federal assistance shall be available for land acquisitions by State and local agencies unless such agency agrees to the following:

(1) That no owner will be required to surrender possession of real property before the head of the State agency (A) pays the agreed purchase price, (B) makes available to the owner, by court deposit or otherwise, an amount not less than the appraised fair value of such property, as approved by such State agency head, without prejudice to the right of the owner to contest the amount of compensation due for the property, or (C) deposits or pays the final award of compensation in the condemnation proceeding for such property;

(2) That the head of the State agency, not later than the date of payment of the purchase price or the date of deposit of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(A) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(B) penalty costs for prepayment of mortgage incident to such real property; and

(C) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

(3) That any decrease in the value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for the proposed public improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property; and

(4) That for the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement will be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real

property, to remove such building, structure, or improvement at the expiration of his term, and the head of the State agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvements, or (3) the value of the improvement for removal from the property; provided, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer, and release to the State agency all his right, title, and interest in and to such improvements; provided further, that no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for this property interests of just compensation as otherwise defined by law.

Section 805 repeals, effective July 1, 1971, sections of the Housing Act of 1949 which on that date will be superseded by provisions of this title.

TITLE IX—JUDICIAL REVIEW

Title IX makes clear that all sections of title VII (Uniform Relocation Assistance) and title VIII (Uniform Land Acquisition) which require any actions by a Federal agency shall be subject to the Administrative Procedure Act for purposes of administrative and judicial review of such action.

Section 901 makes the appropriate review provisions applicable to an action by a Federal agency under title VII and title VIII, and makes clear that a State, which includes a local subdivision, is entitled to such review in the same manner as a person.

Section 902 establishes the right for any person or State, including a local subdivision, which has been adversely affected or aggrieved by a final order under title VII or title VIII, to institute in a Federal district court an action seeking review of such final action of the Federal agency, and demanding appropriate relief therefrom.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (matter omitted enclosed in brackets; new matter printed in italic; existing law in which no change is reported shown in roman):

MOVING EXPENSES RESULTING FROM ACQUISITION OF LANDS BY SECRETARY OF INTERIOR

The bill repeals 43 U.S.C. 1231–1234, relating to payment of moving expenses resulting from acquisition of lands by the Secretary of the Interior:

**[MOVING EXPENSES RESULTING FROM ACQUISITION OF LANDS BY
SECRETARY OF INTERIOR**

[§ 1231. Payment of moving expenses to owners and tenants of lands acquired for developments; limitation on amount; application for payment.

[The Secretary of the Interior is authorized, to the extent administratively determined by him to be fair and reasonable, to reimburse the owners and tenants of lands acquired for the construction, operation, or maintenance of developments under his jurisdiction for expenses and other losses and damages incurred by them in the process and as a direct result of such moving of themselves, their families, and their possessions as is occasioned by said acquisition, which reimbursement shall be in addition to, but not in duplication of, any payments that may otherwise be authorized by law: *Provided*, That the total of such reimbursement to the owners and tenants of any parcel of land shall in no event exceed 25 per centum of its fair value, as determined by the Secretary. No payment under sections 1231—1234 of this title shall be made unless application therefor, supported by an itemized statement of the expenses, losses, and damages incurred, is submitted to the Secretary within one year from the date upon which the premises involved are vacated or, in the case of lands acquired and vacated prior to May 29, 1958 but after July 14, 1952, within one year from May 29, 1958. (Pub. L. 85-433, § 1, May 29, 1958, 72 Stat. 152.)

[§ 1232. Administration; rules and regulations; exemption from Administrative Procedure Act.

The Secretary may perform any and all acts and make such rules and regulations as he finds necessary and proper for the purpose of carrying out the provisions of sections 1231—1234 of this title. All functions performed under this Act shall be exempt from the operation of sections 1001—1011 of Title 5, except as to the requirements of section 1002 of Title 5. (Pub. L. 85-433, § 2, May 29, 1958, 72 Stat. 152.)

[§ 1233. Definitions.

As used in sections 1231—1234 of this title, the term "lands" shall include interests in land; the term "acquisition" and its cognates shall include the exercise of a right-of-way upon lands subject thereto under section 945 of this title; and the term "fair value" shall, in the case of interests in land and of rights-of-way under section 945 of this title, mean a fair value of the interest acquired or of the right-of-way occupied. (Pub. L. 85-433, § 3, May 29, 1958, 72 Stat. 152.)

[§ 1234. Availability of appropriations.

Funds appropriated for the construction, operation, or maintenance of developments under the jurisdiction of the Secretary shall also be available for carrying out the provisions of sections 1231—1234 of this title. (Pub. L. 85-433, § 4, May 29, 1958, 72 Stat. 152.)

NATIONAL AERONAUTICS AND SPACE ACT OF 1958

The bill repeals paragraph 14 of section 203(b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473(b)(14)):

[§ 2473. Functions of the Administration.

[(b) In the performance of its functions the Administration is authorized—

[(14) to reimburse, to the extent determined by the Administrator or his designee to be fair and reasonable, the owners and tenants of land and interests in land acquired on or after November 1, 1961, by the United States for use by the Administration by purchase, condemnation, or otherwise for expenses and losses and damages incurred by such owners and tenants as a direct result of moving themselves, their families, and their possessions because of said acquisition. Such reimbursement shall be in addition to, but not in duplication of, any payments that may otherwise be authorized by law to be made to such owners and tenants. The total of any such reimbursement to any owner or tenant shall in no event exceed 25 per centum of the fair value, as determined by the Administrator, of the parcel of land or interest in land to which the reimbursement is related. No payment under this paragraph shall be made unless application therefor, supported by an itemized statement of the expenses, losses, and damages incurred, is submitted to the Administrator within one year from (a) the date upon which the parcel of land or interest in land is to be vacated under agreement with the Government by the owner or tenant or pursuant to law, including but not limited to, an order of a court, or (b) the date upon which the parcel of land or interest in the land involved is vacated, whichever first occurs. The Administrator may perform any and all acts and make such rules and regulations as he deems necessary and proper for the purpose of carrying out this paragraph. All functions performed under this paragraph shall be exempt from the operation of sections 1001—1011 of Title 5, except as to the requirements of section 1002 of Title 5. Funds available to the Administration for the acquisition of real property or interests therein shall also be available for carrying out this paragraph.]

DEPARTMENT OF DEFENSE—REIMBURSEMENT OF OWNERS OF PROPERTY ACQUIRED FOR PUBLIC WORKS PROJECTS FOR MOVING EXPENSES

The bill repeals section 2680 of title 10 of the United States Code:

[§ 2680. Reimbursement of owners of property acquired for public works projects for moving expenses.

[(a) Under regulations approved by the Secretary of Defense and without regard to sections 1001 and 1003—1011 of title 5, the Secretary of a military department, or his designee, may, upon application by the owners and the tenants of land to be acquired for a public works project of his department, reimburse those owners and tenants for those expenses, losses, or damages that he determines to be fair and reasonable and that are incurred by them as a direct result of moving themselves and their families and possessions because of that acquisition. However, application for reimbursement must be made

within one year after that acquisition or within one year after the property is vacated, whichever date is later, and be accompanied by an itemized statement of the expenses, losses, and damages incurred.

[(b) The total payments under this section with respect to a parcel of land may not be more than 25 percent of the fair value of that land, as determined by the Secretary of the military department concerned. They are in addition to, but may not duplicate, any other payments that may be made under law as a result of acquisition of that land.]

[(c) Any funds appropriated for civil or military public works may be used to make payments under this section. (Added Pub. L. 87-651, title I, § 112(c), Sept. 7, 1962, 76 Stat. 511).]

FEDERAL-AID HIGHWAY ACT OF 1962

The bill repeals section 133 of the Federal-Aid Highway Act of 1962 (23 U.S.C. 133):

[§ 133. Relocation assistance.

[(a) As used in this section the term "eligible person" means any individual, family, business concern (including the operation of a farm) and nonprofit organization to be displaced by construction of a project.]

[(b) The Secretary prior to his approval of any project under section 106 of this title for right-of-way acquisition or actual construction shall require the State highway department to give satisfactory assurance that relocation advisory assistance shall be provided for the relocation of families displaced by acquisition or clearance of rights-of-way for any Federal-aid highway.]

[(c) The Secretary shall approve, as a part of the cost of construction of a project on any of the Federal-aid highway systems, such relocation payments as may be made by a State highway department, or a local public agency acting as an agent for the State highway department for this purpose, to eligible persons for their reasonable and necessary moving expenses caused by their displacement from real property acquired for such project. However, the Secretary shall not require a State to pay relocation payments where not authorized by State law.]

[(d) Payments under this section shall be subject to such rules and regulations as may be prescribed by the Secretary, and shall not exceed \$200 in the case of an individual or family, or \$3,000 in the case of a business concern (including the operation of a farm) or nonprofit organization. In the case of a business (including the operation of a farm) and in the case of a nonprofit organization, the allowable expenses for transportation under this subsection shall not exceed the cost of moving 50 miles from the point from which such business or organization is being displaced. Such rules and regulations may include provisions authorizing reimbursement for payments made to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses.]

[(e) This section shall apply only with respect to projects approved under section 106 of this title after the date of enactment of this section. (Added Pub. L. 87-866, § 5(a), Oct. 23, 1962, 76 Stat. 1146).]

URBAN MASS TRANSPORTATION ACT OF 1964

The bill repeals the relocation payments provision, section 7(b) of the Urban Mass Transportation Act of 1964 (78 Stat. 305), (49 U.S.C. 1606(b)):

[(b) Notwithstanding any other provision of this chapter, financial assistance extended to any project under section 1602 of this title may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance for the project under section 1602 of this title, and no part of the amount of such relocation payments shall be required to be contributed as a local grant. The term "relocation payments" means payments by the applicant to individuals, families, business concerns, and nonprofit organizations for their reasonable and necessary moving expenses and any actual direct losses of property, except goodwill or profit, for which reimbursement or compensation is not otherwise made, resulting from their displacement by the project. Such payments shall be made subject to such rules and regulations as may be prescribed by the Administrator, and shall not exceed \$200 in the case of an individual or family, or \$3,000 (or if greater, the total certified actual moving expenses) in the case of a business concern or nonprofit organization. Such rules and regulations may include provisions authorizing payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property. (Pub. L. 88-365, § 7, July 9, 1964, 78 Stat. 305.)]

HOUSING ACT OF 1949—RELOCATION ASSISTANCE

The bill repeals section 105(c) of the Housing Act of 1949 (42 U.S.C. 1455(c)):

[(c) Temporary relocation of individuals and families displaced from urban renewal area; relocation assistance program.

[There be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and that there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment: *Provided*, That the Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this subchapter which shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of families, individuals, or business concerns occupying property in an urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (1) to determine the needs of such families, individuals, and business concerns for relocation assistance, (2) to provide information and assistance to aid in relocation and otherwise

minimize the hardships of displacement, and (3) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program.】

HOUSING ACT OF 1949—RELOCATION ASSISTANCE

The bill repeals section 114 of the Housing Act of 1949 (78 Stat. 788-789), (42 U.S.C. 1465):

【§ 1465. Relocation.

【(a) Financial assistance to displaced individuals, families, businesses, and nonprofit organizations.

【Notwithstanding any other provision of this subchapter, an urban renewal project may include the making of payments as prescribed in this section to displaced individuals, families, business concerns, and nonprofit organizations; and any contract for financial assistance under this subchapter shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to such payments and that no part of the amount of such payments shall be required to be contributed as part of the local grant-in-aid. As used in this section, “displaced” refers to displacement from an urban renewal area made necessary by (1) the acquisition of real property by a local public agency or by any other public body, (2) code enforcement activities undertaken in connection with an urban renewal project, or (3) a program of voluntary rehabilitation of buildings or other improvements in accordance with an urban renewal plan.

【(b) Payments to business concerns or nonprofit organizations; considerations; maximum amounts.

【A local public agency may pay to any displaced business concern or nonprofit organization—

【(1) its reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided*, That such payment shall not exceed \$3,000 (or, if greater, the total certified actual moving expenses); and

(2) an additional \$2,500 in the case of a private business concern with average annual net earnings of less than \$10,000 per year which (A) was doing business in a location in the urban renewal area on the date of local approval of the urban renewal plan (or of acquisition of real property under the third sentence of section 1452(a) of this title, (B) is displaced on or after January 27, 1964, and (C) is not part of an enterprise having establishments outside the urban renewal area.

Notwithstanding the provisions of clause (1) of the preceding sentence, a business concern which is not being displaced from an urban renewal area shall be eligible for payments under such clause (1) of its certified actual moving expenses with respect to its outdoor advertising displays being removed from the urban renewal area in the same manner as though such business concern were being displaced.

[(c) Payments to individuals and families; considerations; computation of amount; maximum amounts; restrictions.]

[(1) A local public agency may pay to any displaced individual or family his or its reasonable and necessary moving expenses and any actual direct losses of property (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided*, That such payment shall not exceed \$200: *And provided further*, That the Administrator may authorize payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property.

[(2) A local public agency may pay (in addition to any amount under paragraph (1) of this subsection), on behalf of any displaced family or any displaced individual sixty-two years of age or over, during the first five months after displacement, a relocation adjustment payment, not to exceed \$500, to assist such displaced individual or family to acquire a decent, safe, and sanitary dwelling. The relocation adjustment payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average rental required, for a 12-month period, for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family (in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities): *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act or a dwelling assisted under section 1701s of Title 12: *Provided further*, That payments under this paragraph shall be available only in the case of families, and individuals sixty-two years of age or over, displaced on or after January 27, 1964.

[(d) Payments to individuals, families, business concerns, and non-profit organizations for recording fees, transfer taxes, incidental expenses, penalty costs, and pro rata taxes.]

In addition to payments authorized to be made under subsections (b) and (c) of this section, a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this subchapter, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier.

[(e) Rules and regulations; finality of administrative decisions; promptness of payments.]

The Administrator is authorized to establish such rules and regulations as he may deem appropriate in carrying out the provisions of this section and may provide in any contract with a local public agency, or in regulations promulgated by the Administrator, that

determinations of any duly designated officer or agency as to eligibility for and the amount of relocation assistance authorized by this section shall be final and conclusive for any purposes and not subject to redetermination by any court or any other officer. Such regulations shall include provisions to assure that relocation payments, as authorized by this section, shall be made as promptly as possible to all families, individuals, business concerns, and nonprofit organizations found to be eligible for such payments by reason of their having been displaced from property in the urban renewal area, without regard to any subsequent proceedings, determinations, or events relating to such property which do not bear upon whether such displacement in fact occurred. (As amended Aug. 10, 1965, Pub. L. 89-117, title I, § 101(i), title IV, § 404 (b), (c)(1), 79 Stat. 453, 486.)】

HOUSING ACT OF 1937—RELOCATION PAYMENTS; DEFINITION

The bill repeals section 15, paragraph (8) of the Housing Act of 1937 (42 U.S.C. 1415(8)), except the first sentence:

(8) Relocation, payments; inclusion with development or acquisition cost for determination of loans and contributions; definition.

* * * 【For purposes of this paragraph a “relocation payment” is a payment (i) which is made to an individual, family, business concern, or nonprofit organization displaced on or after January 27, 1964, from a low-rent housing project site as a result of the acquisition of real property by a public housing agency, (ii) which is not otherwise authorized under any Federal law, and (iii) which is made only on such terms and conditions, and subject to such limitations, as are authorized (as of the time such payment is approved) under section 1465 (b) or (c) of this title for relocation payments made to individuals, families, business concerns, or nonprofit organizations, as the case may be.】

HOUSING AND URBAN DEVELOPMENT ACT OF 1965— RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED DEVELOPMENT PROGRAMS

The bill repeals section 404(a) of the Housing and Urban Development Act of 1965 (79 Stat. 485, 42 U.S.C. 3074):

【§ 3074. Relocation payments under federally assisted development programs.

【To the extent not otherwise authorized under any Federal law, financial assistance extended to an applicant under any federally assisted development program may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under such federally assisted development programs, and may cover the full amount of such relocation payments. Any funds available for any such program may be used for such grants. The term “relocation payments” means payments by the applicant, to a displaced individual, family, business concern, or nonprofit

organization, which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 1465 (b), (c), and (d) of this title with respect to projects assisted under subchapter II of chapter 8A of this title. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator. (Pub. L. 89-117, title IV, § 404(a), Aug. 10, 1965, 79 Stat. 486.)】

HOUSING AND URBAN DEVELOPMENT ACT OF 1965—COMPENSATION OF CONDEMNEDS IN DEVELOPMENT PROGRAMS

The bill repeals, effective July 1, 1971, Sections 401, 402, and 403 of the Housing and Urban Development Act of 1965 (79 Stat. 485), (42 U.S.C. 3071-3073):

【Chapter 36.—COMPENSATION OF CONDEMNEDS IN DEVELOPMENT PROGRAMS [New]

【Sec.

3071. Definitions.

3072. Acquisition of realty by eminent domain.

3073. Financing of payments in eminent domain when amount is in dispute.

3074. Relocation payments under federally assisted development programs.

【§ 3071. Definitions.

For the purposes of this chapter—

【(1) the term “development program” means any program established by or conducted under any of the following provisions of law:

【(A) the United States Housing Act of 1937;

【(B) title I of the Housing Act of 1949;

【(C) the Urban Mass Transportation Act of 1964;

【(D) title II of the Housing Amendments of 1955;

【(E) title VII of the Housing Act of 1961; and

【(F) title VII of the Housing and Urban Development Act of 1965;

【(2) the term “Federal assistance” means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States;

【(3) the term “applicant” means any public body or other agency authorized to receive Federal assistance under a development program;

【(4) the term “real property” means any land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is

not capable of use elsewhere, and (iii) it would lose substantially all its value if removed from the real property; and

[(5) the term "Administrator" means the Housing and Home Finance Administrator.

(Pub. L. 89-117, title IV, § 401, Aug. 10, 1965, 79 Stat. 485.)

[§ 3072. Acquisition of realty by eminent domain.

[As a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance shall satisfy the Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

[(1) the applicant shall make every reasonable effort to acquire the real property by negotiated purchase;

[(2) no owner shall be required to surrender possession of real property before the applicant pays to the owner (A) the agreed purchase price arrived at by negotiation, or (B) in any case where only the amount of the payment to the owner is in dispute, not less than 75 per centum of the appraised fair value of such property as approved by the applicant; and

[(3) the construction or development of any public improvements shall be so scheduled that no person lawfully occupying the real property shall be required to surrender possession on account of such construction or development without at least 90 days' written notice from the applicant of the date on which such construction or development is scheduled to begin.

(Pub. L. 89-117, title IV, § 402, Aug. 10, 1965, 79 Stat. 485.)

[§ 3073. Financing of payments in eminent domain when amount is in dispute.

[Notwithstanding any other provision of law, financial assistance under any federally assisted development program may include amounts necessary for financing, in the same manner that other costs of a project assisted under such program are financed, the payments described in paragraph (2)(B) of section 3072 of this title. (Pub. L. 89-117, title IV, §403, Aug. 10, 1965, 79 Stat. 486.)

SMALL BUSINESS ACT—DISASTER LOANS TO SMALL BUSINESS CONCERNS

The bill amends section 7(b)(3) of the Small Business Act (78 Stat. 786) (15 U.S.C. 636(b)(3)) as follows:

"§ 636 Additional Powers.

* * * * *

"(b) Disaster loans; term; interest.

"The Administration also is empowered—

* * * * *

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small-business concern in *continuing in business at its present location*, in reestablishing

its business, *in purchasing a business, or in establishing a new business*, if the Administration determines that such concern has suffered substantial economic injury as **[a]** *the result of its displacement by, or location in, adjacent to, or near, a federally aided urban renewal project or highway construction program or* **[by]** *any other* **[construction]** *public improvement program conducted by or with funds provided in whole or in part by the Federal Government or by the States; and the purpose**[s]** *of a loan made pursuant to* **[this paragraph]** *such project or program may, in the discretion of the* **[Administrator]** *Administration, include the purchase or construction of other premises whether or not the borrower owned the premises* **[from which it was displaced]** *occupied by the business; and"**



Calendar No. 1437

90TH CONGRESS
2D SESSION

S. 698

[Report No. 1456]

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 1967

Mr. MUSKIE (for himself, Mr. BAKER, Mr. BAYH, Mr. BOGGS, Mr. BREWSTER, Mr. CLARK, Mr. ERVIN, Mr. GRUENING, Mr. HANSEN, Mr. HART, Mr. HATFIELD, Mr. JACKSON, Mr. JORDAN of Idaho, Mr. KENNEDY of Massachusetts, Mr. LONG of Missouri, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. METCALF, Mr. MILLER, Mr. MONTOYA, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. PASTORE, Mr. PELL, Mr. PROUTY, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCOTT, Mr. TYDINGS, and Mr. WILLIAMS of New Jersey) introduced the following bill; which was read twice and referred to the Committee on Government Operations

JULY 24, 1968

Reported by Mr. MUSKIE, with amendments

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban

areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act be cited as the "Intergovernmental Coopera-
4 tion Act of 1967."

5 **TITLE I—DEFINITIONS**

6 When used in this Act—

7 **FEDERAL AGENCY**

8 SEC. 101. The term "Federal agency" means any de-
9 partment, agency, or instrumentality in the executive branch
10 of the Government and any wholly owned Government cor-
11 poration, and for the purposes of title VIII, the Architect
12 of the Capitol.

13 **STATE**

14 SEC. 102. The term "State" means any of the several
15 States of the United States, the District of Columbia, Puerto
16 Rico, any territory or possession of the United States, or
17 any agency or instrumentality of a State, but does not in-
18 clude the governments of the political subdivisions of the
19 State. For the purposes of title VIII and title IX the term
20 "State" does include such political subdivisions.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a State-administered

1 plan or program which is subject to approval by a
 2 Federal agency;
 3 if such authorization either ~~(i)~~ requires the States or political
 4 subdivisions to expend non-Federal funds as a condition for
 5 the receipt of money or property from the United States;
 6 or ~~(ii)~~ specifies directly, or establishes by means of a
 7 formula, the amounts which may be paid or furnished to
 8 States or political subdivisions, or the amounts to be allotted
 9 for use in each of the States by the States, political sub-
 10 divisions, or other beneficiaries. The term does not include
 11 ~~(1)~~ shared revenues; ~~(2)~~ payments of taxes; ~~(3)~~ pay-
 12 ments in lieu of taxes; ~~(4)~~ loans or repayable advances;
 13 ~~(5)~~ surplus property or surplus agricultural commodities
 14 furnished as such; ~~(6)~~ payments under research and de-
 15 velopment contracts or grants which are awarded directly
 16 and on similar terms to all qualifying organizations, whether
 17 public or private; or ~~(7)~~ payments to States or political
 18 subdivisions as full reimbursement for the costs incurred
 19 in paying benefits or furnishing services to persons entitled
 20 thereto under Federal laws.

21 FEDERAL FINANCIAL ASSISTANCE

22 SEC. 107. The term "Federal financial assistance" does
 23 not include any annual payment by the United States to the
 24 District of Columbia authorized by article VI of the District

1 of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-
2 2501a and 47-2501b).

3 SPECIALIZED OR TECHNICAL SERVICES

4 SEC. 108. "Specialized or technical services" means
5 special statistical and other studies and compilations, de-
6 velopment projects, technical tests and evaluations, techni-
7 cal information, training activities, surveys, reports, docu-
8 ments, and any other similar service functions which the
9 Secretary of any department or the administrative head of
10 any agency of the executive branch of the Federal Govern-
11 ment is authorized by law to perform.

12 COMPREHENSIVE PLANNING

13 SEC. 109. "Comprehensive planning," except in title
14 VI, includes the following, to the extent directly related to
15 area needs or needs of a unit of general local government:
16 (A) preparation, as a guide for long-range development, of
17 general physical plans with respect to the pattern and in-
18 tensity of land use and the provision of public facilities, in-
19 cluding transportation facilities; (B) programing of capi-
20 tal improvements based on a determination of relative
21 urgency; (C) long-range fiscal plans for implementing such
22 plans and programs; and (D) proposed regulatory and ad-
23 ministrative measures which aid in achieving coordination
24 of all related plans of the departments or subdivisions of the

1 governments concerned and intergovernmental coordination
 2 of related planned activities among the State and local gov-
 3 ernmental agencies concerned.

4 URBAN DEVELOPMENT

5 SEC. 110. "Urban development" means all projects or
 6 programs for the acquisition, use, and development of open-
 7 space land; and the planning and construction of hospitals,
 8 libraries, airports, water supply and distribution facilities,
 9 sewerage facilities and waste treatment works, transportation
 10 facilities, highways, water development and land conserva-
 11 tion, and other public works facilities.

12 STATE AGENCY

13 SEC. 111. For the purposes of titles VIII and IX, the
 14 term "State agency" means any agency or instrumentality
 15 created by a State, or by a political subdivision of a State or
 16 by agreement between two or more States or by two or more
 17 political subdivisions of a State or States.

18 HEAD OF AGENCY

19 SEC. 112. The term "head of a Federal agency" or
 20 "head of a State agency" includes a duly designated delegate
 21 of such agency head.

22 DISPLACED PERSON

23 SEC. 113. The term "displaced person" means—

24 (1) any person who is the owner of a business
 25 which moves from real property or is discontinued on or

1 after the effective date of this Act as a result of the
2 acquisition or reasonable expectation of acquisition of
3 such real property, in whole or in part, by a Federal or
4 State agency;

5 ~~(2)~~ any person who is the farm operator of a farm
6 operation which moves from real property or is discon-
7 tinued on or after the effective date of this Act as a
8 result of the acquisition or reasonable expectation of
9 acquisition of such real property, in whole or in part,
10 by a Federal or State agency;

11 ~~(3)~~ any individual who is the head of a family
12 which moves from real property occupied as a dwelling
13 on or after the effective date of this Act, as a result of
14 the acquisition or reasonable expectation of acquisition
15 of such real property, in whole or in part, by a Federal
16 or State agency, or which moves from such dwelling as
17 a result of the acquisition or reasonable expectation of
18 acquisition by such Federal or State agency of other
19 real property on which such family conducts a business
20 or farm operation;

21 ~~(4)~~ any individual, not a member of a family, who
22 moves from real property occupied as a dwelling on or
23 after the effective date of this Act, as a result of the
24 acquisition or reasonable expectation of acquisition of

1 such real property, in whole or in part, by a Federal
 2 or State agency, or who moves from such dwelling as a
 3 result of the acquisition or reasonable expectation of
 4 acquisition by such Federal or State agency, of other
 5 real property on which such individual conducts a busi-
 6 ness or farm operation; and

7 ~~(5)~~ any individual, not described in paragraph
 8 ~~(1)~~, ~~(2)~~, ~~(3)~~, or ~~(4)~~ of this section, who moves his
 9 personal property from real property on or after the ef-
 10 fective date of this Act as a result of the acquisition or
 11 reasonable expectation of acquisition of such real prop-
 12 erty, in whole or in part, by a Federal or State agency:
 13 *Provided*, That this shall not include the owner of prop-
 14 erty on the premises of another under a lease or licensing
 15 arrangement where such owner is required pursuant to
 16 such lease or license to move such property at his own
 17 expense.

18 BUSINESS

19 SEC. 114. The term "business" means any lawful activ-
 20 ity conducted primarily ~~(1)~~ for the purchase and resale of
 21 products, commodities, or any other personal property; ~~(2)~~
 22 for the manufacture, processing, or marketing of any such
 23 property; ~~(3)~~ for the sale of services to the public; or ~~(4)~~
 24 by a nonprofit organization. Such term does not include the

1 activity of an investor in acquiring or holding real property
2 for resale for gain.

3 FARM OPERATION

4 SEC. 115. The term "farm operation" means any activ-
5 ity conducted solely or primarily for the production of one
6 or more agricultural products or commodities for sale and
7 home use, and customarily producing such products or com-
8 modities in sufficient quantity to be capable of contributing
9 materially to the operator's support.

10 FARM OPERATOR

11 SEC. 116. The term "farm operator" means any owner,
12 part owner, tenant, or sharecropper who operates a farm.

13 FAMILY

14 SEC. 117. The term "family" means two or more indi-
15 viduals living together in the same dwelling unit who are
16 related to each other by blood, marriage, or adoption.

17 ELDERLY INDIVIDUAL

18 SEC. 118. The term "elderly individual" means a per-
19 son, not a member of a family, who is sixty-two years of age
20 or over.

21 HANDICAPPED INDIVIDUAL

22 SEC. 119. The term "handicapped individual" means
23 a person, not a member of a family, who is handicapped

1 within the meaning of section 202 of the Housing Act of
2 1959.

3 **DISPLACED**

4 SEC. 120. The term "displaced", when used in relation
5 to any person, means any person moved or to be moved
6 from real property on or after the effective date of this Act
7 as a result of the acquisition or reasonable expectation of
8 acquisition of such property for a public improvement con-
9 structed or developed by or with funds provided in whole
10 or in part by the Federal Government.

11 **OWNER AND PERSON**

12 SEC. 121. The terms "owner" and "person" mean any
13 individual, and any partnership, corporation, or association.

14 **TITLE II—IMPROVED ADMINISTRATION OF**
15 **GRANTS IN AID TO THE STATES**

16 **FULL INFORMATION ON FUNDS RECEIVED**

17 SEC. 201. Any department or agency of the United
18 States Government which administers a program of grants-
19 in-aid to any of the State governments of the United States
20 shall, upon request, notify in writing the Governor or other
21 official designated by him, or the State legislature, of the
22 purpose and amounts of actual grants-in-aid to the State.

DEPOSITS OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds. States shall not be held accountable for interest earned on

1 grant-in-aid funds, pending their disbursement for program
2 purposes.

3 ELIGIBLE STATE AGENCY

4 SEC. 204. Notwithstanding any other Federal law which
5 provides that a single State agency or multimember board or
6 commission must be established or designated to administer
7 or supervise the administration of any grant-in-aid program,
8 the head of any Federal department or agency may, upon
9 request of the Governor or other appropriate executive or
10 legislative authority of the State responsible for determining
11 or revising the organizational structure of State government,
12 waive the single State agency or multimember board or com-
13 mission provision upon adequate showing that such provision
14 prevents the establishment of the most effective and efficient
15 organization arrangements within the State government and
16 approve other State administrative structure or arrange-
17 ments: *Provided*, That the head of the Federal department
18 or agency determines that the objectives of the Federal
19 statute authorizing the grant-in-aid program will not be
20 endangered by the use of such other State structure or
21 arrangements.

1 TITLE III—PERMITTING FEDERAL DEPART-
2 MENTS AND AGENCIES TO PROVIDE SPECIAL
3 OR TECHNICAL SERVICES TO STATE AND
4 LOCAL UNITS OF GOVERNMENT

5 STATEMENT OF PURPOSE

6 SEC. 301. It is the purpose of this title to encourage
7 intergovernmental cooperation in the conduct of specialized
8 or technical services and provision of facilities essential to
9 the administration of State or local governmental activities;
10 many of which are nationwide in scope and financed in part
11 by Federal funds; to enable State or local governments to
12 avoid unnecessary duplication of special service functions;
13 and to authorize all departments and agencies of the execu-
14 tive branch of the Federal Government which do not have
15 such authority to provide specialized or technical services to
16 State and local governments.

17 AUTHORITY TO PROVIDE SERVICE

18 SEC. 302. The Secretary of any department or the ad-
19 ministrative head of any agency of the executive branch of
20 the Federal Government is authorized within his discretion,
21 upon written request from a State or political subdivision

1 thereof, to provide specialized or technical services, upon
2 payment to the department or agency by the unit of gov-
3 ernment making the request, of salaries and all computable
4 overhead and indirect costs of performing such services:
5 *Provided, however,* That such services shall include only
6 those which the Director of the Bureau of the Budget through
7 rules and regulations, determines may be provided by Fed-
8 eral departments and agencies. Such rules and regulations
9 shall be consistent with and in furtherance of the Govern-
10 ment's policy of relying on the private enterprise system to
11 provide those services which are reasonably and expeditiously
12 available through ordinary business channels.

13 REIMBURSEMENT OF APPROPRIATION

14 SEC. 303. All moneys received by any department or
15 agency of the executive branch of the Federal Government,
16 or any bureau or other administrative division thereof, in
17 payment for furnishing specialized or technical services as
18 authorized under section 302 shall be deposited to the credit
19 of the principal appropriation from which the cost of pro-
20 viding such services has been paid or is to be charged, or
21 to the appropriation currently available for the cost of
22 similar services.

23 REPORTS TO CONGRESS

24 SEC. 304. The Secretary of any department or the ad-
25 ministrative head of any agency of the executive branch

1 of the Federal Government shall furnish annually to the
2 respective Committees on Government Operations of the
3 Senate and House of Representatives a summary report on
4 the scope of the services provided under the administration
5 of this title.

6 RESERVATION OF EXISTING AUTHORITY

7 SEC. 305: This title is in addition to and does not super-
8 sede any existing authority now possessed by any Federal
9 department or agency with respect to furnishing services;
10 whether on a reimbursable or nonreimbursable basis, to
11 State and local units of government.

12 TITLE IV—COORDINATED INTERGOVERNMEN-
13 TAL POLICY AND ADMINISTRATION OF
14 GRANTS FOR URBAN DEVELOPMENT

15 DECLARATION OF URBAN ASSISTANCE POLICY

16 SEC. 401. (a) The economic and social development
17 of the Nation, its strength in world affairs and the achieve-
18 ment of satisfactory levels of living depend in large degree
19 upon the sound and orderly development of urban communi-
20 ties. In pursuit of this basic objective, the President shall
21 establish rules and regulations for uniform application in the
22 formulation, evaluation, and review of urban development
23 programs and projects for the provision of federally aided
24 urban facilities, and Federal projects having a significant

1 impact on the development of urban and urbanizing com-
2 munities. Such rules and regulations shall provide for full
3 consideration of the concurrent achievement of the following
4 specific objectives of urban development, and, to the extent
5 authorized by law, reasoned choices shall be made between
6 such objectives when they conflict:

7 (1) Appropriate land uses for residential, commer-
8 cial, industrial, governmental, institutional, and other
9 purposes;

10 (2) Wise development and conservation of natural
11 resources, including land, water, minerals, wildlife, and
12 others;

13 (3) Balanced transportation systems, including
14 highway, air, water, pedestrian, mass transit, and other
15 modes for the movement of people and goods;

16 (4) Adequate outdoor recreation and open space;

17 (5) Protection of areas of unique natural beauty,
18 historical, and scientific interest;

19 (6) Properly planned community facilities, includ-
20 ing utilities for the supply of power, water, and com-
21 munications, for the safe disposal of wastes, and for other
22 purposes;

23 (7) Any other objective through which urban de-
24 velopment activities can contribute to the economic,
25 social, and cultural development of the Nation, its

1 strength in world affairs; and the achievement of en-
 2 hanced levels of living; and

3 ~~(8)~~ Concern for high standards of design.

4 ~~(b)~~ All viewpoints—national, regional, State, and
 5 local—shall, to the extent possible, be fully considered and
 6 taken into account in planning urban development programs
 7 and projects. Regional, State, and local government ob-
 8 jectives shall be considered and evaluated within a frame-
 9 work of national public objectives, and available projections
 10 of future national conditions and needs of regions, States, and
 11 localities shall be considered in plan formulation, evaluation,
 12 and review.

13 ~~(c)~~ To the maximum extent possible, consistent with
 14 national objectives, all Federal aid for urban development
 15 purposes shall be consistent with and further the objectives of
 16 State and local government comprehensive planning for
 17 urban development. Consideration shall be given to all de-
 18 velopmental aspects of the total urban community, including
 19 but not limited to housing, transportation, economic develop-
 20 ment, natural resources development, community facilities,
 21 and the general improvement of living environments.

22 ~~(d)~~ Each Federal department and agency administering
 23 an urban development aid program shall, to the maximum
 24 extent practicable, consult with and seek advice from all other

1 significantly affected Federal departments and agencies in an
2 effort to assure fully coordinated programs.

3 (c) Insofar as possible, systematic planning required by
4 individual Federal programs (such as highway construction,
5 urban renewal, and open space) shall be coordinated with
6 and made part of comprehensive local and areawide urban
7 development planning.

8 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

9 SEC. 402. Where Federal law provides that both special-
10 purpose units of local government and units of general local
11 government are eligible to receive loans or grants-in-aid for
12 urban development, heads of Federal departments and agen-
13 cies shall, in the absence of substantial reasons to the con-
14 trary, make such loans or grants-in-aid for urban develop-
15 ment to units of general local government rather than to
16 special-purpose units of local government.

17 RULES AND REGULATIONS

18 SEC. 403. The Bureau of the Budget or such other
19 agency as may be designated by the President is hereby
20 authorized to prescribe such rules and regulations as are
21 deemed appropriate for the effective administration of this
22 title.

1 TITLE V—CONGRESSIONAL REVIEW OF FED-
2 ERAL GRANTS-IN-AID TO STATES AND TO
3 LOCAL UNITS OF GOVERNMENT

4 STATEMENT OF PURPOSE

5 SEC. 501. It is the purpose and intent of this title to
6 establish a uniform policy and procedure whereby programs
7 for grant-in-aid assistance from the Federal Government to
8 the States or to their political subdivisions which may be
9 enacted hereafter by the Congress shall be made the subject
10 of sufficient subsequent review by the Congress to insure
11 that (1) the effectiveness of grants-in-aid as instruments of
12 Federal-State-local cooperation is improved and enhanced;
13 (2) grant programs are revised and redirected as necessary
14 to meet new conditions arising subsequent to their original
15 enactment; and (3) grant programs are terminated when
16 they have substantially achieved their purpose. It is fur-
17 ther the purpose and intent of this title to provide for con-
18 tinuing review of existing Federal programs for grant-in-aid
19 assistance to the States or their political subdivisions by the
20 Comptroller General with a view to the formulation of rec-
21 ommendations to assist the Congress in making changes in
22 requirements and procedures applicable to such programs in

1 the interest of eliminating areas of conflict and duplication
2 in program operations and achieving more efficient, effective,
3 and economical administration of such programs, and greater
4 uniformity in the operation thereof.

5 EXPIRATION OF GRANT-IN-AID PROGRAMS

6 SEC. 502. Where any Act of Congress enacted in the
7 Ninety-first or any subsequent Congress authorizes the mak-
8 ing of grants-in-aid to two or more States or to political
9 subdivisions of two or more States and no expiration date
10 for such authority is specified by law, and such grant is not
11 specifically exempted from the provisions of this title, then
12 the authority to make grants-in-aid by reason of such Act
13 to States, political subdivisions, and other beneficiaries from
14 funds not therefore obligated shall expire not later than
15 June 30 of the fifth calendar year which begins after the
16 effective date of such Act.

17 COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

18 SEC. 503. Where any Act of Congress enacted in the
19 Ninety-first or any subsequent Congress authorizes the mak-
20 ing of grants-in-aid over a period of three or more years to
21 two or more States or to political subdivisions of two or more
22 States, then during the period beginning not later than twelve
23 months immediately preceding the date on which such au-
24 thority is to expire, the committees of the Senate and of the

1 House to which legislation extending such authority would
2 be referred shall, separately or jointly, conduct studies of
3 the program under which such grants-in-aid are made with a
4 view to ascertaining, among other matters of concern to the
5 committees, the following:

6 (1) The extent to which the purposes for which the
7 grants-in-aid are authorized have been met;

8 (2) The extent to which such programs can be
9 carried on without further financial assistance from the
10 United States;

11 (3) Whether or not any changes in purpose, direc-
12 tion, or administration of the original program, or in
13 procedures and requirements applicable thereto, to con-
14 form to recommendations by the Comptroller General
15 under section 504, should be made;

16 (4) Whether or not any changes in purpose, direc-
17 tion, or administration of the original program should
18 be made in the light of reports and recommendations
19 submitted on request by the Advisory Commission on
20 Intergovernmental Relations; and

21 (5) The extent to which such grant-in-aid pro-
22 grams are adequate to meet the growing and changing
23 needs which they were designed to support.

24 Each such committee shall report the results of its investi-

1 gation and study to its respective House not later than one
2 hundred and twenty days before such authority is due to
3 expire.

4 STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-
5 IN-AID PROGRAMS

6 SEC. 504. The Comptroller General shall make con-
7 tinuing studies of presently existing and all future programs
8 for grant-in-aid assistance from the Federal Government to
9 the States or their political subdivisions concerning the extent
10 to which programs conflict and duplication can be eliminated
11 and more effective, efficient, economical, and uniform admin-
12 istration of such programs could be achieved by changing
13 certain requirements and procedures applicable thereto.

14 In reviewing such programs the Comptroller General
15 shall consider, among other relevant matters, the equaliza-
16 tion formulas, and the budgetary, accounting, reporting and
17 administrative procedures applicable to such programs.
18 Reports on such studies, together with recommendations
19 shall be submitted by the Comptroller General to the Con-
20 gress. Reports on expiring programs should, to the extent
21 practicable, be submitted in the year prior to the date set for
22 their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERN-
MENTAL RELATIONS

SEC. 505. Upon request of any committee referred to in section 503, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 506. (a) Each State or political subdivision thereof receiving assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification, or alteration of any existing grant-in-aid agreement pursuant to existing law

1 shall keep such records as the Federal agency administering
2 such grant may prescribe, including records which fully dis-
3 close the amount and disposition by such recipient of such
4 grant-in-aid, the total cost of the project or undertaking in
5 connection with which such grant-in-aid is given or used, and
6 the amount of that portion of the cost of the project or under-
7 taking supplied by other sources, and such other records as
8 will facilitate an effective audit.

9 (b) The head of the Federal agency administering
10 such grant and the Comptroller General of the United States,
11 or any of their duly authorized representatives, shall have
12 access for the purpose of audit and examination to any books,
13 documents, papers, and records of such recipients that are
14 pertinent to the grants received.

15 TITLE VI—CONSOLIDATION OF GRANT-IN-AID 16 PROGRAMS

17 STATEMENT OF PURPOSE

18 SEC. 601. (a) The President shall from time to time
19 examine the various programs of grants-in-aid provided
20 by law and shall determine what consolidations are neces-
21 sary or desirable—

22 (1) to promote the better execution and efficient
23 management of individual grant programs within the
24 same functional area;

25 (2) to provide better coordination among indi-

vidual grant programs within the same functional area;

or

~~(3)~~ to promote more efficient planning and use by the recipients of grants under programs within the same functional area.

~~(b)~~ The Congress declares that the public interest demands the carrying out of the purposes of subsection ~~(a)~~ and that the purposes may be accomplished in great measure by proceeding under this title, and can be accomplished more speedily thereby than by the enactment of specific legislation.

PREPARATION AND TRANSMITTAL OF PLAN

SEC. 602. ~~(a)~~ When the President, after investigation, finds that a consolidation of individual grant-in-aid programs within the same functional area is necessary or desirable to accomplish one or more of the purposes set forth in section 601(a), he shall prepare a grant consolidation plan for the making of such consolidation, and shall transmit such plan ~~(bearing an identification number)~~ to the Congress, together with a declaration that with respect to each individual program consolidated under such plan, he has found that the consolidation is necessary or desirable to accomplish one or more of the purposes set forth in section 601(a). Each such consolidation plan so transmitted—

~~(1)~~ shall place responsibility in a single agency for administration of the consolidated program, and

1 ~~(2)~~ shall specify in detail the formula or formulas
 2 for the making of grants under the consolidated pro-
 3 gram, and shall set forth the differences between such
 4 formula or formulas and the formula for making grants
 5 under each of the individual programs consolidated under
 6 such plan.

7 ~~(b)~~ Each grant consolidation plan shall provide for
 8 only one consolidation of individual grant programs.

9 ~~(c)~~ The President shall have a grant consolidation plan
 10 delivered to both Houses on the same day and to each
 11 House while it is in session.

12 CONGRESSIONAL CONSIDERATION

13 SEC. 603. ~~(a)~~ Except as otherwise provided in sub-
 14 section ~~(c)~~, a grant consolidation plan shall become effective
 15 at the end of the first period of ninety calendar days of con-
 16 tinuous session of the Congress after the date on which the
 17 plan is transmitted to it unless, between the date of trans-
 18 mittal and the end of the ninety-day period, either House
 19 passes a resolution stating in substance that the House does
 20 not favor the grant consolidation plan.

21 ~~(b)~~ For purposes of subsection ~~(a)~~—

22 ~~(1)~~ continuity of session is broken only by an ad-
 23 jourment of the Congress sine die, and

~~(2)~~ the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the ninety-day period.

~~(e)~~ Under provisions contained in a grant consolidation plan, a provision of such plan may become effective at a time later than the date on which such plan becomes effective under subsection ~~(a)~~.

~~(d)~~ A grant consolidation plan which becomes effective shall be printed ~~(1)~~ in the Statutes at Large in the same volume as the public laws and ~~(2)~~ in the Federal Register.

SEC. 604. ~~(a)~~ This section is enacted by the Congress—

~~(1)~~ as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection ~~(b)~~; and it supersedes other rules only to the extent that it is inconsistent therewith; and

~~(2)~~ with full recognition of the constitutional right of either House to change the rules (so far as relating to

1 the procedure of that House) at any time, in the same
 2 manner and to the same extent as in the case of any
 3 other rule of that House.

4 (b) The provisions of sections 910 through 913 of title
 5 5 of the United States Code shall apply with respect to a
 6 grant consolidation plan and, for such purposes—

7 (1) all references in such sections to “reorganiza-
 8 tion plan” shall be treated as referring to “grant con-
 9 solidation plan”, and

10 (2) all references in such sections to “resolution”
 11 shall be treated as referring to a resolution of either
 12 House of the Congress, the matter after the resolving
 13 clause of which is as follows: “That the ————
 14 does not favor the grant consolidation plan numbered
 15 ——— transmitted to the Congress by the President on
 16 ———, 19——.”, the first blank therein being filled
 17 with the name of the resolving House and the other
 18 blank spaces therein being appropriately filled.

19 EXPIRATION DATE

20 SEC. 605. The authority of the President under section
 21 602 to transmit grant consolidation plans shall expire three
 22 years after the date of the enactment of this Act.

1 ~~TITLE VII—ACQUISITION, USE, AND DISPOSI-~~
 2 ~~TION OF LAND WITHIN URBAN AREAS BY~~
 3 ~~FEDERAL AGENCIES IN CONFORMITY WITH~~
 4 ~~LAND UTILIZATION PROGRAMS OF AF-~~
 5 ~~FECTED LOCAL GOVERNMENT~~

6 ~~AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRA-~~
 7 ~~TIVE SERVICES ACT~~

8 SEC. 701. The Federal Property and Administrative
 9 Services Act of 1949, as amended (40 U.S.C. 471 et seq.),
 10 is amended by adding at the end thereof a new title as
 11 follows:

12 ~~“TITLE VIII—URBAN LAND UTILIZATION~~

13 ~~“SHORT TITLE~~

14 ~~“SEC. 801. This title may be cited as the ‘Federal~~
 15 ~~Urban Land Use Act’.~~

16 ~~“DECLARATION OF PURPOSE AND POLICY~~

17 ~~“SEC. 802. It is the purpose of this title to promote~~
 18 ~~more harmonious intergovernmental relations by prescribing~~
 19 ~~uniform policies and procedures whereby the Administrator~~
 20 ~~shall acquire, use, and dispose of land in urban areas in~~
 21 ~~order that urban land transactions entered into for the~~
 22 ~~General Services Administration or on behalf of other Fed-~~

1 eral agencies shall be consistent with zoning and land-use
2 practices and shall be made to the greatest extent in accord-
3 ance with planning and development objectives of the local
4 governments and local planning agencies concerned.

5 "DISPOSAL OF URBAN LANDS

6 "SEC. 803. (a) Whenever the Administrator contem-
7 plates the disposal for or on behalf of any Federal agency of
8 any real property situated within an urban area, he shall,
9 prior to offering such land for sale, give reasonable notice
10 to the head of the governing body of the unit of general local
11 government having jurisdiction over zoning and land-use
12 regulation in the geographical area within which the land or
13 lands are located in order to afford the government the op-
14 portunity of zoning for the use of such land in accordance
15 with local comprehensive planning.

16 "(b) The Administrator, to the greatest practicable
17 extent, shall furnish to all prospective purchasers of such real
18 property, full and complete information concerning—

19 "(1) current zoning regulations and prospective
20 zoning requirements and objectives for such property
21 when it is unzoned;

22 "(2) current availability to such property of streets,
23 sidewalks, sewers, water, street lights, and other service
24 facilities and prospective availability of such services if
25 such property is included in comprehensive planning.

1 “ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

2 SEC. 804. (a) To the extent practicable, prior to a
3 commitment to acquire any real property situated in an urban
4 area, the Administrator shall notify the unit of general local
5 government exercising zoning and land-use jurisdiction over
6 the land proposed to be purchased of his intent to acquire
7 such land and the proposed use of the property. In the event
8 that the Administrator determines that such advance notice
9 would have an adverse impact on the proposed purchase, he
10 shall, upon conclusion of the acquisition, immediately notify
11 such local government of the acquisition and the proposed
12 use of the property.

13 “(b) In the acquisition or change of use of any real
14 property situated in an urban area as a site for public build-
15 ing, the Administrator shall, to the extent he determines
16 practicable—

17 “(1) consider all objections made to any such ac-
18 quisition or change use by such unit of government upon
19 the ground that the proposed acquisition of use conflicts
20 or would conflict with the zoning regulations or planning
21 objectives of such units; and

22 “(2) comply with and conform to such regulations
23 of the unit of general local government having jurisdic-
24 tion with respect to the area within which such property

1 is situated and the planning and development objectives
2 of such local government.

3 “SEC. 805. The procedures prescribed in sections 803
4 and 804 may be waived during any period of national emer-
5 gency proclaimed by the President.

6 “DEFINITIONS

7 “SEC. 806. As used in this title—

8 “(a) ‘Unit of general local government’ means any city,
9 county, town, parish, village, or other general purpose politi-
10 cal subdivision of a State.

11 “(b) ‘Urban area’ means—

12 “(1) any geographical area within the jurisdiction
13 of any incorporated city, town, borough, village, or other
14 unit of general local government, except county or
15 parish, having a population of ten thousand or more
16 inhabitants;

17 “(2) that portion of the geographical area within
18 the jurisdiction of any county, town, township, or similar
19 governmental entity which contains no incorporated unit
20 of general local government but has a population density
21 equal to or exceeding one thousand five hundred inhabi-
22 tants per square mile; and

23 “(3) that portion of any geographical area having
24 a population density equal to or exceeding one thousand

five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

“(c) ‘Comprehensive planning’ includes the following, to the extent directly related to the needs of a unit of general local government:

“(1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities including transportation facilities, together with long-range fiscal plans for such development;

“(2) programing of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvement to be constructed in the earlier years of the program;

“(3) coordination of all related plans of the department or subdivisions of the government concerned;

“(4) intergovernmental coordination of related planning activities among the State and local governmental agencies concerned; and

“(5) preparation of regulatory and administrative measures in support of the foregoing.”

1 TITLE VIII—UNIFORM RELOCATION ASSISTANCE

2 DECLARATION OF POLICY

3 SEC. 801. The purpose of this Act is to establish a uni-
4 form policy for the fair and equitable treatment of owners,
5 tenants, and other persons displaced by the acquisition of real
6 property in Federal and federally assisted programs. Such
7 a policy shall be as uniform as practicable as to (1) reloca-
8 tion payments, (2) advisory assistance, (3) assurance of
9 availability of standard housing, and (4) Federal reimburse-
10 ment for relocation payments under federally assisted pro-
11 grams.

12 PART A.—FEDERAL PROGRAMS

13 RELOCATION PAYMENTS

14 SEC. 802. (a) If the head of any Federal agency ac-
15 quires real property for public use in a State, he shall make
16 fair and reasonable relocation payments to displaced per-
17 sons in accordance with the regulations established by the
18 President under section 805 of this Act.

19 (b) If any displaced person who moves or discon-
20 tinues his business elects to accept the payment authorized
21 by this subsection in lieu of the payment authorized for
22 such business by subsection (a) of this section, the head
23 of such Federal agency shall make a fixed relocation payment
24 to such person in an amount equal to the average annual net
25 earnings of the business, or \$5,000, whichever is the lesser.

1 No payment shall be made under this subsection unless the
2 head of such agency is satisfied that the business ~~(1)~~ cannot
3 be relocated without a substantial loss of its existing patron-
4 age, and ~~(2)~~ is not part of a commercial enterprise having
5 at least one other establishment, not being acquired by the
6 United States, which is engaged in the same or similar busi-
7 ness. For purposes of this subsection, the term "average
8 annual net earning" means one-half of any net earnings
9 of the business, before Federal, State, and local income taxes,
10 during the two taxable years immediately preceding the
11 taxable year in which such business moves from the real
12 property acquired by the United States and includes any
13 compensation paid by the business to the owner, his spouse,
14 or his dependent children during such two-year period. Such
15 earnings and compensation shall be established by Federal
16 income tax returns filed by such business and its owner and
17 his spouse and dependent children for such two taxable years.

18 ~~(c)~~ If any displaced person who moved from a dwelling
19 elects to accept the payments authorized by this subsection
20 in lieu of the payments authorized by subsection ~~(a)~~ of this
21 section for moving from such dwelling, the head of such
22 Federal agency shall make the following fixed relocation
23 payments to such person:

24 ~~(1)~~ A moving expense allowance, determined ac-

1 ording to a schedule established by the head of such
2 agency, not to exceed \$200;

3 ~~(2)~~ A dislocation allowance equal to the amount
4 paid under paragraph ~~(1)~~ of this subsection or \$100,
5 whichever is the lesser;

6 ~~(3)~~ An additional payment of \$300 if the displaced
7 person purchases a dwelling for the purpose of residence
8 within one year from the date of actual displacement
9 except that such displaced person shall only be eligible
10 for payment under this subsection when the dwelling
11 purchased is situated upon real estate in which such
12 person acquires fee title, life estate, ninety-nine-year
13 lease, or other type of long-term lease equivalent to fee
14 ownership; and

15 ~~(d)~~ If any displaced person who moves or discontinues
16 a farm operation elects to accept the payment authorized
17 by this subsection in lieu of the payment authorized for
18 such farm operation by subsection ~~(a)~~ of this section, the
19 head of such Federal agency shall make a fixed relocation
20 payment to such person in the amount of \$1,000. In the
21 case where the entire farm operation is not acquired by such
22 Federal agency, the payment authorized by this subsection
23 shall be made only if the head of such agency determines
24 that the remainder property is no longer an economic unit.

25 ~~(e)-(1)~~ In addition to any amount under subsections

1 (a), (b), (c), and (d) of this section, the head of such
2 Federal agency may pay to or on behalf of any displaced
3 family, displaced elderly individual, or displaced handicapped
4 individual, monthly payments over a period not to exceed
5 twenty-four months in an amount not to exceed \$500 in the
6 first twelve months and \$500 in the second twelve months
7 to assist such displaced family or individual to secure a de-
8 cent, safe, and sanitary dwelling. Subject to the limitation
9 imposed by the preceding sentence, the additional payment
10 shall be an amount which, when added to 20 per centum of
11 the annual income of the displaced individual or family at
12 the time of displacement, equals the average annual rental
13 required for such a decent, safe, and sanitary dwelling of
14 modest standards adequate in size to accommodate the dis-
15 placed individual or family in areas not generally less desir-
16 able in regard to public utilities and public and commercial
17 facilities: *Provided*, That such payment shall be made only
18 to an individual or family who is unable to secure a dwell-
19 ing unit in a low-rent housing project assisted under the
20 United States Housing Act of 1937, or under a State or local
21 program found by the Secretary of Housing and Urban De-
22 velopment to have the same general purposes as the Federal
23 program under such Act, or a dwelling unit assisted under
24 section 101 of the Housing and Urban Development Act of
25 1965.

1 ~~(2)~~ The Secretary of Housing and Urban Development
2 shall make the determinations under this subsection on the
3 amount of assistance according to family size, family or in-
4 dividual income, average rents required, or similar consid-
5 erations for all agencies making such payments.

6 ~~(3)~~ The additional payments under this subsection may
7 be paid on a lump sum or other than monthly basis in cases
8 in which the small size of the payments that would other-
9 wise be required do not warrant a number of separate pay-
10 ments or in other cases in which other than monthly
11 payments are determined warranted by the head of the
12 Federal agency.

13 ~~(4)~~ No payment received under this subsection shall
14 be considered as income for the purpose of determining
15 the eligibility or the extent of eligibility of any person for
16 assistance under the Social Security Act or any other Fed-
17 eral act.

18 ~~(f)~~ All functions performed under this section shall
19 be subject to the operation of the Act of June 11, 1946
20 ~~(60 Stat. 237)~~, as amended ~~(5 U.S.C. 1001-1011)~~. Any
21 displaced person adversely affected or aggrieved by the
22 operation of this section after the effective date of this Act
23 may institute in the district court of the United States for
24 the judicial district in which such claimant resides or in
25 which such claim first arose an action for the review of such

1 determination. Upon the filing of such action, such court
2 shall have jurisdiction to hear and determine such action and
3 to enter therein such judgment, decree, or order as it shall
4 deem appropriate and may modify such determination upon
5 a showing that such determination was arbitrary, capricious,
6 or in violation of standards applicable to such determinations
7 in similar cases.

8 RELOCATION ASSISTANCE PROGRAMS

9 SEC. 803. (a) If the head of any Federal agency
10 acquires real property for public use in a State, he shall pro-
11 vide a relocation assistance program for displaced persons
12 which shall offer the services described in subsection (c)
13 of this section. If the head of such agency determines that
14 other persons, occupying property adjacent to the real prop-
15 erty acquired, are caused substantial economic injury because
16 of the public improvement for which such property is
17 acquired, he may offer such persons relocation services under
18 such program.

19 (b) Federal agencies administering programs which
20 may be of assistance to displaced persons covered by this
21 Act shall cooperate to the maximum extent feasible with the
22 Federal or State agency causing the displacement to assure
23 that such displaced persons receive the maximum assistance
24 available to them.

25 (c) Each relocation assistance program required by sub-

1 section ~~(a)~~ of this section shall include such measures,
2 facilities, or services as may be necessary or appropriate
3 in order ~~(1)~~ to determine the needs of displaced families,
4 individuals, business concerns, and farm operators for re-
5 location assistance; ~~(2)~~ to assure that within a reasonable
6 period of time prior to displacement, there will be available,
7 in areas not generally less desirable in regard to public
8 utilities and public and commercial facilities and at rents
9 or prices within the financial means of the families and in-
10 dividuals displaced, decent, safe, and sanitary dwellings equal
11 in number to the number of, and available to, such displaced
12 families and individuals and reasonably accessible to their
13 places of employment, except that such assurance may be
14 waived during any period of national emergency proclaimed
15 by the president; ~~(3)~~ to assist owners of displaced busi-
16 nesses and displaced farm operators in obtaining and be-
17 coming established in suitable business locations or replace-
18 ment farms; ~~(4)~~ to supply information concerning the
19 Federal Housing Administration home acquisition program
20 under section 221(d)(2) of the National Housing Act,
21 the small business disaster loan program under section 7
22 ~~(b)(3)~~ of the Small Business Act, and other programs
23 offering assistance to displaced persons; ~~(5)~~ to assist in
24 minimizing hardships to displaced persons in adjusting to
25 relocation; and ~~(6)~~ to assure, to the greatest extent prac-

1 ticable; the coordination of relocation activities with other
2 project activities and other planned or proposed govern-
3 mental actions in the community or nearby areas which may
4 affect the carrying out of the relocation program.

5 ~~(d)~~ Paragraph ~~(3)~~ of section 7(b) of the Small Busi-
6 ness Act is amended to read as follows:

7 ~~“(3)~~ to make such loans ~~(either directly or in~~
8 cooperation with banks or other lending institutions
9 through agreements to participate on an immediate or
10 deferred basis) as the Administration may determine to
11 be necessary or appropriate to assist any small business
12 concern in continuing in business at its existing location;
13 in reestablishing its business; in purchasing a business;
14 or in establishing a new business; if the Administration
15 determines that such concern has suffered substantial
16 economic injury as the result of its displacement by, or
17 location in, adjacent to, or near, a federally aided urban
18 renewal project or highway construction program or any
19 other public improvement program conducted by or
20 with funds provided in whole or in part by the Federal
21 Government or by the States; and the purpose of a
22 loan made pursuant to such project or program may, in
23 the discretion of the Administration, include the pur-
24 chase or construction of other premises whether or not

1 the borrower owned the premises occupied by the
2 business and,"

3 STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

4 SEC. 804. Whenever real property is acquired by a
5 State agency for a Federal public improvement project, such
6 acquisition shall, for purposes of this Act, be deemed an
7 acquisition by the Federal agency having authority over
8 such project and such Federal agency shall make relocation
9 payments, provide relocation assistance, and provide assur-
10 ance of availability of housing as required in the case of
11 acquisitions of real property by a Federal agency.

12 AUTHORITY OF THE PRESIDENT

13 SEC. 805. (a) To carry into effect the provisions of this
14 title, the President is authorized to make such rules and regu-
15 lations as he may determine to be necessary to assure—

16 (1) that relocation payments authorized by section
17 802 shall be fair and reasonable and as uniform as
18 practicable;

19 (2) that a displaced person who makes proper
20 application for a relocation payment authorized for such
21 person by section 802(a) shall be reimbursed for or
22 paid—

23 (A) his actual and reasonable expenses in
24 moving himself, his family, his business, farm opera-
25 tion, or other personal property, and in the case of

1 a farm operation; for his actual and reasonable ex-
2 penses in searching for a replacement farm;

3 ~~(B)~~ if he disposes of personal property on
4 moving his business or farm operation and replaces
5 such property at the new location, an amount equal
6 to the reasonable expenses that would have been re-
7 quired in moving such personal property to the new
8 location; and

9 ~~(C)~~ such other expenses authorized by section
10 802(a) as may be provided for in regulations issued
11 under this section;

12 ~~(3)~~ that a displaced person who makes proper
13 application for a relocation payment authorized for such
14 person by this title shall be paid promptly after a move
15 or, in certain hardship cases, the President may, by
16 regulation, authorize advance payment of certain reloca-
17 tion costs;

18 ~~(4)~~ that any person aggrieved by a determination
19 as to eligibility for a relocation payment authorized by
20 this title, or the amount of a payment, may have his
21 application reviewed by the head of the agency; and

22 ~~(5)~~ that a displaced person shall have a reasonable
23 time in which to apply for a relocation payment author-
24 ized by this title.

~~(b) The President may, by regulation, establish a limitation on the amount of a relocation payment authorized by section 802(a) with due consideration for the declaration of policy in this title and the provisions of subsection (a) of this section and section 807(b).~~

6 (e) In order to prevent unnecessary expense and dupli-
7 cation of functions, and to promote uniform and effective
8 administration of relocation assistance programs for dis-
9 placed persons, the President is authorized to require that
10 any Federal agency make relocation payments or provide
11 relocation services, or otherwise carry out its functions under
12 this title, by utilizing the facilities, personnel, and services
13 of any other Federal agency; or by entering into appropriate
14 contracts or agreements with any State agency having an
15 established organization for conducting relocation assistance
16 programs.

(d) The President may make such other rules and regulations consistent with the provisions of this title as he deems necessary or appropriate to carry out this title.

~~FUND AVAILABILITY~~

21 ~~SEC. 806. Funds appropriated or otherwise available to~~
22 any Federal agency for the acquisition of real property or
23 any interest therein shall be available also for obligation and
24 expenditure to carry out the provisions of this title.

PART B.—FEDERALLY ASSISTED PROGRAMS

RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF
AVAILABILITY OF HOUSING

SEC. 807. (a) Notwithstanding any other provision of law, on and after the effective date of this Act, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay the cost in connection with the acquisition of real property or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement with the head of such Federal agency to provide to displaced persons for moves from such real property—

(1) fair and reasonable relocation payments as described in section 802(a) of this title and in accordance with regulations established by the President under section 805 of this title;

(2) fixed relocation payments in the same amounts and under the same terms and conditions as are required to be made by a Federal agency by subsections 802 (b), (c), (d), and (e) of this title;

1 ~~(3)~~ relocation assistance programs offering the
2 services described in section 803(c) of this title; and

3 ~~(4)~~ a feasible method for the temporary relocation
4 of families and individuals displaced from the property
5 acquired, and assurance that within a reasonable period
6 of time prior to displacement, there will be available in
7 areas not generally less desirable in regard to public
8 utilities and public and commercial facilities and at rents
9 or prices within the financial means of the families and
10 individuals displaced, decent, safe, and sanitary dwellings
11 equal in number to the number of and available to such
12 displaced families and individuals and reasonably ac-
13 cessible to their places of employment.

14 ~~(b)~~ The cost to a State agency providing the payments
15 and services described in subsection (a) of this section
16 may be included as part of the cost of the project for which
17 Federal financial assistance is available to such State agency,
18 and such State agency shall be eligible for Federal financial
19 assistance with respect to such payments and services in
20 the same manner and to the same extent as with respect to
21 other project costs, except that the Federal agency providing
22 such assistance shall contribute the first \$25,000 of the cost
23 of providing a relocation payment to any displaced person.
24 However, no State agency need agree to make any reloca-
25 tion payment in excess of \$25,000 to any displaced person

1 in order to receive the assistance authorized by the sub-
2 section.

3 ~~(c)~~ In order to prevent unnecessary expenses and du-
4 plication of functions, and to promote uniform and effective
5 administration of relocation assistance programs for dis-
6 placed persons, any agreement by a State agency under sub-
7 section ~~(a)~~ of this section shall provide that such agency
8 may make relocation payments or provide relocation assist-
9 ance or otherwise carry out its functions under this title by
10 utilizing the facilities, personnel, and services of any other
11 State agency having an established organization for conduct-
12 ing relocation assistance programs.

13 ~~(d)~~ Any grant to, or contract or agreement with a State
14 agency executed before the effective date of this Act, under
15 which Federal financial assistance is available to pay the
16 cost in connection with the acquisition of real property, or
17 of the improvement for which such property is acquired,
18 may be amended to include an agreement as described in
19 subsection ~~(a)~~ of this section.

20 ~~(e)~~ If the head of a Federal agency determines that it
21 is necessary for the expeditious completion of a public im-
22 provement for which a State agency has entered into an
23 agreement, as described in subsection ~~(a)~~ of this section, to
24 make relocation payments to displaced persons, or to pro-
25 vide the funds necessary to meet the requirements of section

1 905(b)-(1) of this Act, he may advance the Federal share
2 of such relocation payments and an amount necessary to
3 make the required payments under section 905(b)-(1) to
4 such State agency. Upon determination by the head of such
5 Federal agency that any part of the funds advanced to a
6 State agency under this subsection are no longer required,
7 the amount which he determines not to be required shall be
8 repaid upon demand. Any sum advanced and not repaid on
9 demand shall be deducted from sums otherwise available to
10 such State agency from Federal sources.

11 DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSIST-
12 ANCE UNDER TITLE I OF THE HOUSING ACT OF 1949;
13 AS AMENDED

14 SEC. 808. A person who moves or discontinues his
15 business, or moves other personal property, or moves from
16 his dwelling on or after the effective date of this Act, as a
17 direct result of any project or program which receives
18 Federal financial assistance under title I of the Housing
19 Act of 1949, as amended, shall, for the purposes of this
20 title, be deemed to be a displaced person.

21 SEVERABILITY

22 SEC. 809. If any provision of this title, or the appli-
23 cation thereof to any person or circumstance is held in-
24 valid, the remainder of this title and the application of the

1 provision to other persons or circumstances shall not be
2 affected thereby.

3 ACTS REPEALED

4 SEC. 810. (a) The following laws and parts of laws
5 are hereby repealed:

6 (1) The Act entitled "An Act to authorize the Secre-
7 tary of the Interior to reimburse owners of lands required for
8 development under his jurisdiction for their moving expenses,
9 and for other purposes," approved May 29, 1958 (43 U.S.C.
10 1231-1234).

11 (2) Paragraph 14 of section 203(b) of the National
12 Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

13 (3) Section 2680 of title 10, United States Code.

14 (4) Section 133 of title 23, United States Code.

15 (5) Section 7(b) of the Urban Mass Transportation
16 Act of 1964 (49 U.S.C. 1606(b)).

17 (6) Section 105(e) of the Housing Act of 1949 (42
18 U.S.C. 1455(e)).

19 (7) Section 114 of the Housing Act of 1949 (42 U.S.C.
20 1465(a)-(d)).

21 (8) Paragraph (8) of section 15 of the United States
22 Housing Act of 1937 (42 U.S.C. 1415(8)), except the
23 first sentence of such paragraph.

1 ~~(9)~~ Section 404 of the Housing and Urban Develop-
 2 ment Act of 1965 ~~(42 U.S.C. 3071-3074)~~.

3 ~~(10)~~ Section 107 of the Demonstration Cities and
 4 Metropolitan Development Act of 1966.

5 ~~(b)~~ Any rights or liabilities now existing under prior
 6 Acts or portions thereof shall not be affected by the repeal
 7 of such prior Acts or portions thereof under subsection ~~(a)~~
 8 of this section.

9 ~~TITLE IX—UNIFORM LAND ACQUISITION POLICY~~

10 ~~PART A.—FEDERAL PROGRAMS~~

11 ~~UNIFORM POLICY ON LAND ACQUISITION PRACTICES~~

12 ~~SEC. 901.~~ ~~(a)~~ In order to encourage the acquisition
 13 of real property by amicable agreements with owners, to
 14 relieve congestion in the courts, to assure consistent treat-
 15 ment for owners in the many Federal programs, and to
 16 promote public confidence in Federal land acquisition prac-
 17 tices, heads of Federal agencies shall, consistent with pro-
 18 gram requirements, be guided by the following policies:

19 ~~(1)~~ The head of a Federal agency should make every
 20 reasonable effort to acquire real property by negotiated
 21 purchase.

22 ~~(2)~~ Real property should be appraised before the
 23 initiation of negotiations, and the owner or his designated
 24 representative should be given an opportunity to accompany
 25 the appraiser during his inspection of the property.

1 ~~(3)~~ Before the initiation of negotiations for property;
2 the head of the Federal agency concerned should establish
3 a price which he believes to be a fair and reasonable con-
4 sideration therefor and should make a prompt offer to acquire
5 the property for the full amount so established.

6 ~~(4)~~ No owner should be required to surrender posses-
7 sion of real property before the head of the Federal agency
8 concerned pays the agreed purchase price, or deposits with
9 the court, in accordance with section 1 of the Act of Febru-
10 ary 26, 1931 ~~(46 Stat. 1421; 40 U.S.C. 258a)~~, for the
11 benefit of the owner an amount not less than the appraised
12 fair value of such property as determined by such agency
13 head, or the amount of the award of compensation in the
14 condemnation proceeding for such property.

15 ~~(5)~~ The construction or development of public improve-
16 ments should be so scheduled that no person lawfully occupy-
17 ing real property will be required to move from a dwelling,
18 or to move his business or farm operation without at least
19 ninety days' written notice, if consistent with project require-
20 ments, from the head of the Federal agency concerned, of the
21 date by which such move is required.

22 ~~(6)~~ If the head of the Federal agency concerned does
23 not require a building, structure, or other improvement ac-
24 quired as a part of the real property, he should offer to
25 permit its owner to remove it. As a condition of removal,

1 an appropriate agreement should be required whereby the
2 fair value of such building, structure, or improvement for
3 removal from the real property, as determined by such
4 agency head, will be deducted from the compensation other-
5 wise to be paid for the real property, however such com-
6 pensation may be determined.

7 (7) if the head of a Federal agency permits an owner
8 or tenant to occupy the real property acquired on a rental
9 basis for a short term or for a period subject to termination
10 by the Government on short notice, the amount of rent
11 required should not exceed the fair rental value of the
12 property to a short-term occupier.

13 (8) In no event should the head of a Federal agency
14 either advance the time of condemnation, or defer the con-
15 demnation and the deposit of funds in court for the use of
16 the owner, in order to compel an agreement on the price to
17 be paid for the property. If an agency head cannot reach
18 an agreement with the owner, after negotiations have con-
19 tinued for a reasonable time, he should promptly institute
20 condemnation proceedings and, at the same time or as soon
21 thereafter as practicable, file a declaration of taking and
22 deposit funds with the court in accordance with the Act of
23 February 26, 1931 (46 Stat. 1421), if possession is re-
24 quired prior to the entry of the judgment in the condemna-
25 tion proceeding.

1 ~~(9)~~ If an interest in real property is to be acquired by
2 exercise of the power of eminent domain, the head of the
3 Federal agency concerned should, except as to property
4 to be acquired under section 25 of the Tennessee Valley
5 Authority Act of 1933 (48 Stat. 70, as amended; 16 U.S.C.
6 831x), request the Attorney General to institute formal
7 condemnation proceedings. No Federal agency head should
8 intentionally make it necessary for an owner to institute
9 legal proceedings to prove the fact of the taking of his
10 property.

11 ~~(10)~~ If the acquisition of only part of a property
12 would leave its owner with an uneconomic remnant, the
13 head of the Federal agency concerned should acquire the
14 entire property.

15 ~~(11)~~ In determining the boundaries of a proposed
16 public improvement, the head of the Federal agency con-
17 cerned should take into account human considerations, in-
18 cluding the economic and social effects of such determination
19 on the owners and tenants of real property in the area, in
20 addition to engineering and other factors.

21 ~~(b)~~ The provisions of this section, being general
22 policies for the guidance of Federal agencies, shall create
23 no rights or liabilities not otherwise existing or available,
24 nor affect the validity of any property acquisitions by pur-
25 chase or condemnation.

1 COMPENSATION FOR PROPERTY ACQUIRED

2 SEC. 902. If the head of any Federal agency acquires
3 real property for public use in any State or the District of
4 Columbia, by purchase or condemnation, the fair market
5 value of such property shall be paid as compensation therefor
6 unless it is the intention of the seller to convey the property
7 for less than fair market value.

8 BUILDINGS, STRUCTURES, AND IMPROVEMENTS

9 SEC. 903. (a) Notwithstanding any other provisions of
10 law, if the head of a Federal agency acquires land or any in-
11 terest in land for public use in a State, he shall acquire a like
12 interest, or greater interest, in all buildings, structures, or
13 other improvements comprising part of the real property so
14 acquired which are required to be removed from the land or
15 which, in the opinion of such agency head, will be adversely
16 affected by such public use, if such improvements are not
17 required to be removed.

18 (b) As used in this section, the term "real property"
19 means land, or any interest in land, and (1) any building,
20 structure, or other improvement imbedded in or affixed to
21 land, and any article so affixed or attached to such building,
22 structure, or improvement as to be an essential and integral
23 part thereof; (2) any article affixed or attached to such real
24 property in such manner that it cannot be removed without
25 material injury to itself or the real property; and (3) any

1 article so designed, constructed, or specially adapted for the
 2 purpose for which such real property is used that ~~(A)~~ it is
 3 an essential accessory or part of such real property, ~~(B)~~ it is
 4 not capable of use elsewhere, and ~~(C)~~ it would lose sub-
 5 stantially all its value if removed from the real property.

6 ~~(c)~~ For the purpose of determining the extent of the
 7 acquisition of real property and the valuation thereof, no
 8 building, structure, or other improvement shall be deemed
 9 to be other than a part of the real property solely because
 10 of the right or obligation of a tenant, as against the owner of
 11 any other interest in the real property, to remove such
 12 building, structure, or improvement at the expiration of his
 13 term, and the head of the Federal agency shall pay to the
 14 tenant the fair value of the building, structure, or improve-
 15 ment, which fair value shall be determined by such agency
 16 head as the greatest of ~~(1)~~ the contributive value of the
 17 improvement to the present use of the entirety, ~~(2)~~ the cur-
 18 rent cost of reproduction less depreciation of the improve-
 19 ment, or ~~(3)~~ the value of the improvement for removal from
 20 the property.

21 EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED
 22 STATES

23 SEC. 904. ~~(a)~~ The head of a Federal agency, not later
 24 than the date of payment of the purchase price or the date
 25 of deposit of funds to satisfy the award of compensation in a

1 condemnation proceeding to acquire real property, whichever
2 is the earlier, shall reimburse the owner, to the extent the
3 head of such agency deems fair and reasonable, for expenses
4 necessarily incurred for—

5 (1) recording fees, transfer taxes, and similar ex-
6 penses in conveying such real property to the United
7 States;

8 (2) penalty costs for prepayment of mortgage inci-
9 dent to such real property; and

10 (3) the pro rata portion of real property taxes
11 allocable to a period subsequent to the date of vesting
12 title or the effective date of a court order of possession,
13 whichever is the earlier.

14 (b) The determination as to such payments by the
15 head of such agency shall be final and no provision of this
16 section shall be construed to give any person a cause of action
17 in any court, nor may any violation of this section be raised
18 as a defense by such person in any action.

19 PART B.—FEDERALLY ASSISTED PROGRAMS

20 REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREE-
21 MENTS FOR FEDERAL FINANCIAL ASSISTANCE

22 SEC. 905. (a) Notwithstanding any other provision of
23 law, on and after the date of enactment of this Act no
24 grant to or contract or agreement with a State agency, under
25 which Federal financial assistance will be available to pay

1 in whole or in part the cost of the acquisition of real property
2 or of a public improvement for which real property is to be
3 acquired; may be approved by the head of the Federal
4 agency responsible for the administration of such Federal
5 financial assistance unless such State agency has entered into
6 an agreement which shall provide—

7 ~~(1)~~ that every reasonable effort shall be made to
8 acquire the real property by negotiated purchase;

9 ~~(2)~~ that the construction or development of the
10 public improvement will be so scheduled that, to the
11 greatest extent practicable, no person will be required
12 to move from a home, farm, or business location with-
13 out at least ninety days' written notice, if consistent with
14 project requirements, from such State agency of the
15 date by which the move is required; and

16 ~~(3)~~ that it will be the policy of the head of the
17 State agency, before initiating negotiations for real prop-
18 erty, to establish a price which he believes to be a fair
19 and reasonable consideration therefor, and to make a
20 prompt offer to acquire the property for the full amount
21 so established.

22 ~~(b)~~ Notwithstanding any other provision of law, on
23 and after January 1, 1970, no grant to, or contract or agree-
24 ment with a State agency, under which Federal financial
25 assistance will be available to pay in whole or in part the

1 cost of the acquisition of real property, or of a public im-
2 provement for which real property is to be acquired, may
3 be approved by the head of the Federal agency responsible
4 for the administration of such Federal financial assistance,
5 unless such State agency has entered into the agreements
6 described in subsection (a) of this section and has agreed—

7 (1) that no owner will be required to surrender
8 possession of real property before the head of the State
9 agency (A) pays the agreed purchase price, (B) makes
10 available to the owner, by court deposit or otherwise,
11 an amount not less than 75 per centum of the appraised
12 fair value of such property, as approved by such State
13 agency head, without prejudice to the right of the owner
14 to contest the amount of compensation due for the prop-
15 erty, or (C) deposits or pays the final award of com-
16 pensation in the condemnation proceeding for such
17 property;

18 (2) that any decrease in the value of real property
19 prior to the date of valuation caused by the public im-
20 provement for which such property is acquired, or by
21 the likelihood that the property would be acquired for
22 the proposed public improvement, other than that due
23 to physical deterioration within the reasonable control
24 of the owner, will be disregarded in determining the
25 compensation for the property; and

(3) that for the purposes of determining the extent of the acquisition of real property and the value thereof, no building, structure, or other improvement will be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement, and that an amount not less than the value which such building, structure, or improvement contributes to the value of the real property acquired, or the value of such building, structure, or improvement for removal from the real property, whichever is the greater, will be paid to the tenant therefor.

PROVISIONS REPEALED

SEC. 906. Effective on January 1, 1970, sections 401, 402, and 403 of the Housing and Urban Development Act of 1965 are hereby repealed.

That this Act be cited as the "Intergovernmental Cooperation Act of 1968."

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government cor-

1 poration, and for the purposes of title VIII, the Architect of
2 the Capitol.

3 STATE

4 SEC. 102. The term "State" means any of the several
5 States of the United States, the District of Columbia, Puerto
6 Rico, any territory or possession of the United States, or any
7 agency or instrumentality of a State, but does not include the
8 governments of the political subdivisions of the State. For the
9 purposes of titles VII, VIII, and title IX the term "State"
10 does include such political subdivisions.

11 POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

12 SEC. 103. The term "political subdivision" or "local
13 government" means a local unit of government, including
14 specifically a county, municipality, city, town, township, or
15 a school or other special district created by or pursuant to
16 State law.

17 UNIT OF GENERAL LOCAL GOVERNMENT

18 SEC. 104. "Unit of general local government" means
19 any city, county, town, parish, village, or other general-
20 purpose political subdivision of a State.

21 SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

22 SEC. 105. "Special-purpose unit of local government"
23 means any special district, public-purpose corporation, or
24 other strictly limited-purpose political subdivision of a State,
25 but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or

1 (7) payments to States or political subdivisions as full reim-
 2 bursement for the costs incurred in paying benefits or furnish-
 3 ing services to persons entitled thereto under Federal laws.

4 *FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE,*
 5 *FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY*
 6 *ASSISTED PROGRAMS*

7 *SEC. 107. The term "Federal assistance", "Federal fi-*
 8 *nancial assistance", "Federal assistance programs", or "fed-*
 9 *erally assisted programs", means programs that provide*
 10 *assistance through grant or contractual arrangements, and*
 11 *includes technical assistance programs or programs providing*
 12 *assistance in the form of loans, loan guarantees, or insurance.*
 13 *The term does not include any annual payment by the United*
 14 *States to the District of Columbia authorized by article VI of*
 15 *the District of Columbia Revenue Act of 1947 (D.C. Code*
 16 *secs. 47-2501a and 47-2501b).*

17 *SPECIALIZED OR TECHNICAL SERVICES*

18 *SEC. 108. "Specialized or technical services" means*
 19 *special statistical and other studies and compilations, develop-*
 20 *ment projects, technical tests and evaluations, technical in-*
 21 *formation, training activities, surveys, reports, documents,*
 22 *and any other similar service functions which the Secretary*
 23 *of any department or the administrative head of any agency*
 24 *of the executive branch of the Federal Government is au-*
 25 *thorized by law to perform.*

COMPREHENSIVE PLANNING

1
2 *SEC. 109. "Comprehensive planning" includes the fol-*
3 *lowing, to the extent directly related to area needs or needs*
4 *of a unit of general local government: (A) preparation, as*
5 *a guide for long-range development, of general physical*
6 *plans with respect to (i) the pattern and intensity of land*
7 *use, (ii) the provision of public facilities (including trans-*
8 *portation facilities) and other governmental services, and*
9 *(iii) the effective development and utilization of human and*
10 *natural resources; (B) long-range physical and fiscal plans*
11 *for such action; (C) programing of capital improvements*
12 *and other major expenditures, a determination of their relative*
13 *urgency, together with definitive financing plans for such*
14 *expenditures in the earlier years of the program; (D) co-*
15 *ordination of all related plans and activities of the State and*
16 *local governments and agencies concerned; and (E) prepa-*
17 *ration of regulatory and administrative measures in support*
18 *of the foregoing.*

STATE AGENCY

19
20 *SEC. 110. For the purposes of titles VII and VIII, the*
21 *term "State agency" means any agency or instrumentality*
22 *created by a State, or by a political subdivision of a State*
23 *or by agreement between two or more States or by two or*
24 *more political subdivisions of a State or States.*

1 HEAD OF AGENCY

2 SEC. 111. The term "head of a Federal agency" or
3 "head of a State agency" includes a duly designated delegate
4 of such agency head.

5 DISPLACED PERSON

6 SEC. 112. The term "displaced person" means—

7 (1) any person who is the owner of a business
8 which moves from real property or is discontinued on
9 or after the effective date of this Act as a result of the
10 acquisition or reasonable expectation of acquisition of
11 such real property, in whole or in part, by a Federal
12 or State agency;

13 (2) any person who is the farm operator of a farm
14 operation which moves from real property or is dis-
15 continued on or after the effective date of this Act as
16 a result of the acquisition or reasonable expectation of
17 acquisition of such real property, in whole or in part,
18 by a Federal or State agency;

19 (3) any individual who is the head of a family
20 which moves from real property occupied as a dwelling
21 on or after the effective date of this Act, as a result of the
22 acquisition or reasonable expectation of acquisition of
23 such real property, in whole or in part, by a Federal or
24 State agency, or which moves from such dwelling as a
25 result of the acquisition or reasonable expectation of

1 *acquisition by such Federal or State agency of other real*
2 *property on which such family conducts a business or*
3 *farm operation;*

4 (4) *any individual, not a member of a family, who*
5 *moves from real property occupied as a dwelling on or*
6 *after the effective date of this Act, as a result of the ac-*
7 *quisition or reasonable expectation of acquisition of such*
8 *real property, in whole or in part, by a Federal or State*
9 *agency, or who moves from such dwelling as a result of*
10 *the acquisition or reasonable expectation of acquisition*
11 *by such Federal or State agency, of other real property*
12 *on which such individual conducts a business or farm*
13 *operation; and*

14 (5) *any individual, not described in paragraph*
15 *(1), (2), (3), or (4) of this section, who moves his per-*
16 *sonal property from real property on or after the ef-*
17 *fective date of this Act as a result of the acquisition or*
18 *reasonable expectation of acquisition of such real prop-*
19 *erty, in whole or in part, by a Federal or State agency:*
20 *Provided, That this shall not include the owner of prop-*
21 *erty on the premises of another under a lease or licens-*
22 *ing arrangement where such owner is required pursuant*
23 *to such lease or license to move such property at his own*
24 *expense.*

1

BUSINESS

2

SEC. 113. The term "business" means any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the cultivation, processing, or marketing of timber; (4) for the sale of services to the public; or (5) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale for gain.

11

FARM OPERATION

12

SEC. 114. The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities, other than timber, for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

18

FARM OPERATOR

19

SEC. 115. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

21

FAMILY

22

SEC. 116. The term "family" means two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

24

ELDERLY INDIVIDUAL

SEC. 117. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 118. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 119. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

OWNER AND PERSON

SEC. 120. The terms "owner" and "person" mean any individual, and any partnership, corporation, or association.

REAL PROPERTY

SEC. 121. The term "real property" as used in this Act shall include land, and any interest in land, including but not limited to easements, rights-of-way, water rights, and mineral interests.

1 TITLE II—IMPROVED ADMINISTRATION OF
2 GRANTS-IN-AID TO THE STATES

3 FULL INFORMATION ON FUNDS RECEIVED

4 SEC. 201. Any department or agency of the United
5 States Government which administers a program of grants-
6 in-aid to any of the State governments of the United States
7 or to their political subdivisions shall, upon request, notify
8 in writing the Governor or other official designated by him,
9 or the State legislature, of the purpose and amounts of
10 actual grants-in-aid to the State or to its political sub-
11 divisions.

12 DEPOSIT OF GRANTS-IN-AID

13 SEC. 202. No grant-in-aid to a State shall be required
14 by Federal law or administrative regulation to be deposited
15 in a separate bank account apart from other funds adminis-
16 tered by the State. All Federal grant-in-aid funds made
17 available to the States shall be properly accounted for as
18 Federal funds in the accounts of the State. In each case
19 the State agency concerned shall render regular authenticated
20 reports to the appropriate Federal agency covering the status
21 and the application of the funds, the liabilities and obligations
22 on hand, and such other facts as may be required by said
23 Federal agency.

1 *SCHEDULING OF FEDERAL TRANSFERS TO THE STATES*

2 *SEC. 203. Heads of Federal departments and agencies*
3 *responsible for administering grant-in-aid programs shall*
4 *schedule the transfer of grant-in-aid funds consistent with*
5 *program purposes and applicable Treasury regulations, so*
6 *as to minimize the time elapsing between the transfer of such*
7 *funds from the United States Treasury and the disbursement*
8 *thereof by a State, whether such disbursement occurs prior to*
9 *or subsequent to such transfer of funds. States shall not be*
10 *held accountable for interest earned on grant-in-aid funds,*
11 *pending their disbursement for program purposes.*

12 *ELIGIBLE STATE AGENCY*

13 *SEC. 204. Notwithstanding any other Federal law which*
14 *provides that a single State agency or multimember board*
15 *or commission must be established or designated to admin-*
16 *ister or supervise the administration of any grant-in-aid*
17 *program, the head of any Federal department or agency*
18 *may, upon request of the Governor or other appropriate*
19 *executive or legislative authority of the State responsible for*
20 *determining or revising the organizational structure of State*
21 *government, waive the single State agency or multimember*
22 *board or commission provision upon adequate showing that*
23 *such provision prevents the establishment of the most effective*

1 *and efficient organization arrangements within the State gov-*
2 *ernment and approve other State administrative structure or*
3 *arrangements: Provided, That the head of the Federal de-*
4 *partment or agency determines that the objectives of the Fed-*
5 *eral statute authorizing the grant-in-aid program will not be*
6 *endangered by the use of such other State structure or*
7 *arrangements.*

8 *TITLE III—PERMITTING FEDERAL DEPART-*
9 *MENTS AND AGENCIES TO PROVIDE*
10 *SPECIAL OR TECHNICAL SERVICES TO*
11 *STATE AND LOCAL UNITS OF GOVERN-*
12 *MENT*

13 *STATEMENT OF PURPOSE*

14 *SEC. 301. It is the purpose of this title to encourage inter-*
15 *governmental cooperation in the conduct of specialized or*
16 *technical services and provision of facilities essential to the*
17 *administration of State or local governmental activities,*
18 *many of which are nationwide in scope and financed in part*
19 *by Federal funds; to enable State or local governments to*
20 *avoid unnecessary duplication of special service functions;*
21 *and to authorize all departments and agencies of the executive*
22 *branch of the Federal Government which do not have such*
23 *authority to provide reimbursable specialized or technical*
24 *services to State and local governments.*

AUTHORITY TO PROVIDE SERVICE

1
2 *SEC. 302. The Secretary of any department or the*
3 *administrative head of any agency of the executive branch of*
4 *the Federal Government is authorized within his discretion,*
5 *upon written request from a State or political subdivision*
6 *thereof, to provide specialized or technical services, upon pay-*
7 *ment to the department or agency by the unit of government*
8 *making the request, of salaries and all computable overhead*
9 *and indirect costs of performing such services: Provided,*
10 *however, That such services shall include only those which*
11 *the Director of the Bureau of the Budget through rules and*
12 *regulations, determines may be provided by Federal depart-*
13 *ments and agencies. Such rules and regulations shall be con-*
14 *sistent with and in furtherance of the Government's policy of*
15 *relying on the private enterprise system to provide those serv-*
16 *ices which are reasonably and expeditiously available through*
17 *ordinary business channels.*

REIMBURSEMENT OF APPROPRIATION

18
19 *SEC. 303. All moneys received by any department or*
20 *agency of the executive branch of the Federal Government,*
21 *or any bureau or other administrative division thereof, in*
22 *payment for furnishing specialized or technical services as*
23 *authorized under section 302 shall be deposited to the credit*
24 *of the principal appropriation from which the cost of provid-*

1 *ing such services has been paid or is to be charged, or to the*
 2 *appropriation currently available for the cost of similar*
 3 *services.*

4 *REPORTS TO CONGRESS*

5 *SEC. 304. The Secretary of any department or the ad-*
 6 *ministrative head of any agency of the executive branch of*
 7 *the Federal Government shall furnish annually to the re-*
 8 *spective Committees on Government Operations of the Senate*
 9 *and House of Representatives a summary report on the scope*
 10 *of the services provided under the administration of this title.*

11 *RESERVATION OF EXISTING AUTHORITY*

12 *SEC. 305. This title is in addition to and does not super-*
 13 *sede any existing authority now possessed by any Federal de-*
 14 *partment or agency with respect to furnishing services,*
 15 *whether on a reimbursable or nonreimbursable basis, to State*
 16 *and local units of government.*

17 *TITLE IV—COORDINATED INTERGOVERNMENTAL* 18 *POLICY AND ADMINISTRATION OF* 19 *DEVELOPMENT ASSISTANCE PROGRAMS*

20 *DECLARATION OF DEVELOPMENT ASSISTANCE POLICY*

21 *SEC. 401. (a) The economic and social development of*
 22 *the Nation and the achievement of satisfactory levels of living*
 23 *depend upon the sound and orderly development of all areas,*
 24 *both urban and rural. Moreover, in a time of rapid urbani-*
 25 *zation, the sound and orderly development of urban commu-*

1 *nities depends to a large degree upon the social and economic*
2 *health and the sound development of smaller communities and*
3 *rural areas. The President shall, therefore, establish rules and*
4 *regulations for uniform application in the formulation, evalu-*
5 *ation, and review of Federal programs and projects having a*
6 *significant impact on area and community development,*
7 *including programs providing Federal assistance to the States*
8 *and localities, to the end that they shall most effectively serve*
9 *these basic objectives. Such rules and regulations shall provide*
10 *for full consideration of the concurrent achievement of the fol-*
11 *lowing specific objectives and, to the extent authorized by law,*
12 *reasoned choices shall be made between such objectives when*
13 *they conflict—*

14 (1) *appropriate land uses for residential, commer-*
15 *cial, industrial, governmental, institutional, and other*
16 *purposes;*

17 (2) *wise development and conservation of natural*
18 *resources, including land, water, minerals, wildlife, and*
19 *others;*

20 (3) *balanced transportation systems, including high-*
21 *way, air, water, pedestrian, mass transit, and other*
22 *modes for the movement of people and goods;*

23 (4) *adequate outdoor recreation and open spaces;*

24 (5) *protection of areas of unique natural beauty,*
25 *historical, and scientific interest;*

1 (6) properly planned community facilities, includ-
2 ing utilities for the supply of power, water, and com-
3 munications, for the safe disposal of wastes, and for
4 other purposes;

5 (7) concern for high standards of design; and

6 (8) any other objective through which Federal or
7 federally assisted development programs or projects can
8 contribute to the balanced economic, social, and cultural
9 development of the Nation and the achievement of en-
10 hanced levels of living.

11 (b) All viewpoints—national, regional, State, and local—
12 shall, to the extent possible, be fully considered and taken
13 into account in planning Federal or federally assisted devel-
14 opment programs and projects. Regional, State, and local
15 government objectives shall be considered and evaluated within
16 a framework of national public objectives, and available pro-
17 jections of future national conditions and needs of regions,
18 States, and localities shall be considered in plan formulation,
19 evaluation, and review.

20 (c) To the maximum extent possible, consistent with na-
21 tional objectives, all Federal aid for urban development pur-
22 poses shall be consistent with and further the objectives of
23 State, regional, and local comprehensive planning. Considera-
24 tion shall be given to all developmental aspects of our total
25 national community, including but not limited to housing,

1 transportation, economic development, natural and human
2 resources development, community facilities, and the general
3 improvement of living environments.

4 (d) Each Federal department and agency administer-
5 ing a development assistance program shall, to the maximum
6 extent practicable, consult with and seek advice from all
7 other significantly affected Federal departments and agencies
8 in an effort to assure fully coordinated programs.

9 (e) Insofar as possible, systematic planning required by
10 individual Federal programs (such as highway construction,
11 urban renewal, and open space) shall be coordinated with
12 and made part of comprehensive local and areawide devel-
13 opment planning.

14 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

15 SEC. 402. Where Federal law provides that both spe-
16 cial-purpose units of local government and units of general
17 local government are eligible to receive loans or grants-in-aid,
18 heads of Federal departments and agencies shall, in the ab-
19 sence of substantial reasons to the contrary, make such loans
20 or grants-in-aid to units of general local government rather
21 than to the special-purpose units of local government.

22 RULES AND REGULATIONS

23 SEC. 403. The Bureau of the Budget or such other
24 agency as may be designated by the President is hereby
25 authorized to prescribe such rules and regulations as are

1 *deemed appropriate for the effective administration of this*
2 *title.*

3 *TITLE V—CONGRESSIONAL REVIEW OF FED-*
4 *ERAL GRANTS-IN-AID TO STATES AND TO*
5 *LOCAL UNITS OF GOVERNMENT*

6 *STATEMENT OF PURPOSE*

7 *SEC. 501. It is the purpose and intent of this title to*
8 *establish a uniform policy and procedure whereby programs*
9 *for grant-in-aid assistance from the Federal Government to*
10 *the States or to their political subdivisions which may be*
11 *enacted hereafter by the Congress shall be made the subject*
12 *of sufficient subsequent review by the Congress to insure*
13 *that (1) the effectiveness of grants-in-aid as instruments of*
14 *Federal-State-local cooperation is improved and enhanced;*
15 *(2) grant programs are revised and redirected as necessary*
16 *to meet new conditions arising subsequent to their original*
17 *enactment; and (3) grant programs are terminated when they*
18 *have substantially achieved their purpose. It is further the*
19 *purpose and intent of this title to provide for continuing*
20 *review of existing Federal programs for grant-in-aid assist-*
21 *ance to the States or their political subdivisions by the Comp-*
22 *troller General with a view to the formulation of recom-*
23 *mendations to assist the Congress in making changes in*
24 *requirements and procedures applicable to such programs in*
25 *the interest of eliminating areas of conflict and duplication*

1 in program operations and achieving more efficient, effective,
2 and economical administration of such programs, and greater
3 uniformity in the operation thereof.

4 EXPIRATION OF GRANT-IN-AID PROGRAMS

5 SEC. 502. Where any Act of Congress enacted in the
6 Ninety-first or any subsequent Congress authorizes the mak-
7 ing of grants-in-aid to two or more States or to political
8 subdivisions of two or more States and no expiration date
9 for such authority is specified by law, and such grant is
10 not specifically exempted from the provisions of this title,
11 then the authority to make grants-in-aid by reason of such
12 Act to States, political subdivisions, and other beneficiaries
13 from funds not theretofore obligated shall expire not later
14 than June 30 of the fifth calendar year which begins after
15 the effective date of such Act.

16 COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

17 SEC. 503. Where any Act of Congress enacted in the
18 Ninety-first or any subsequent Congress authorizes the mak-
19 ing of grants-in-aid over a period of three or more years
20 to two or more States or to political subdivisions of two or
21 more States, then during the period beginning not later than
22 twelve months immediately preceding the date on which such
23 authority is to expire, the committees of the Senate and of the
24 House to which legislation extending such authority would be
25 referred shall, separately or jointly, conduct studies of the

1 program under which such grants-in-aid are made with a
2 view to ascertaining, among other matters of concern to the
3 committees, the following:

4 (1) The extent to which the purposes for which the
5 grants-in-aid are authorized have been met;

6 (2) The extent to which such programs can be car-
7 ried on without further financial assistance from the
8 United States;

9 (3) Whether or not any changes in purpose, direc-
10 tion, or administration of the original program, or in pro-
11 cedures and requirements applicable thereto, to conform
12 to recommendations by the Comptroller General under
13 section 504, should be made;

14 (4) Whether or not any changes in purpose, direc-
15 tion, or administration of the original program should
16 be made in the light of reports and recommendations sub-
17 mitted on request by the Advisory Commission on Inter-
18 governmental Relations; and

19 (5) The extent to which such grant-in-aid programs
20 are adequate to meet the growing and changing needs
21 which they were designed to support.

22 Each such committee shall report the results of its investiga-
23 tion and study to its respective House not later than one
24 hundred and twenty days before such authority is due to
25 expire.

1 *STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-*
2 *IN-AID PROGRAMS*

3 *SEC. 504. The Comptroller General shall make continu-*
4 *ing studies of presently existing and all future programs for*
5 *grant-in-aid assistance from the Federal Government to the*
6 *States or their political subdivisions concerning the extent to*
7 *which programs conflict and duplication can be eliminated*
8 *and more effective, efficient, economical, and uniform admin-*
9 *istration of such programs could be achieved by changing*
10 *certain requirements and procedures applicable thereto.*

11 *In reviewing such programs the Comptroller General*
12 *shall consider, among other relevant matters, the equalization*
13 *formulas, and the budgetary, accounting, reporting and*
14 *administrative procedures applicable to such programs. Re-*
15 *ports on such studies, together with recommendations, shall be*
16 *submitted by the Comptroller General to the Congress. Re-*
17 *ports on expiring programs should, to the extent practicable,*
18 *be submitted in the year prior to the date set for their*
19 *expiration.*

20 *STUDIES BY ADVISORY COMMISSION ON INTERGOVERN-*
21 *MENTAL RELATIONS*

22 *SEC. 505. Upon request of any committee referred to in*
23 *section 503, the Advisory Commission on Intergovernmental*
24 *Relations (established by Public Law 86-380, as amended)*
25 *shall, during the same period referred to in such section, con-*

duct studies of the intergovernmental relations aspects of pro-
grams which are subject to the provisions of such section,
including (1) the impact of such programs, if any, on the
structural organization of State and local governments and
on Federal-State-local fiscal relations, and (2) the coordina-
tion of Federal administration of such programs with State
and local administration thereof, and shall report its findings
and recommendations to such committee.

RECORDS AND AUDIT

10 *SEC. 506. (a) Each State or political subdivision thereof*
11 *receiving assistance under (1) any Act of Congress enacted*
12 *after the effective date of this Act which provides for a grant-*
13 *in-aid from the United States to a State or a political sub-*
14 *division thereof, or (2) any new grant-in-aid agreement, or*
15 *extension, modification, or alteration of any existing grant-in-*
16 *aid agreement pursuant to existing law shall keep such rec-*
17 *ords as the Federal agency administering such grant may*
18 *prescribe, including records which fully disclose the amount*
19 *and disposition by such recipient of such grant-in-aid, the*
20 *total cost of the project or undertaking in connection with*
21 *which such grant-in-aid is given or used, and the amount of*
22 *that portion of the cost of the project or undertaking supplied*
23 *by other sources, and such other records as will facilitate an*
24 *effective audit.*

25 (b) The head of the Federal agency administering such

1 *grant and the Comptroller General of the United States, or*
 2 *any of their duly authorized representatives, shall have access*
 3 *for the purpose of audit and examination to any books, docu-*
 4 *ments, papers, and records of such recipients that are perti-*
 5 *nent to the grants received.*

6 *TITLE VI—ACQUISITION, USE, AND DISPOSI-*
 7 *TION OF LAND WITHIN URBAN AREAS BY*
 8 *FEDERAL AGENCIES IN CONFORMITY*
 9 *WITH LAND UTILIZATION PROGRAMS OF*
 10 *AFFECTED LOCAL GOVERNMENT*

11 *AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRA-*
 12 *TIVE SERVICES ACT*

13 *SEC. 601. The Federal Property and Administrative*
 14 *Services Act of 1949, as amended (40 U.S.C. 471 et seq.),*
 15 *is amended by adding at the end thereof a new title as fol-*
 16 *lows:*

17 *“TITLE VIII—URBAN LAND UTILIZATION*

18 *“SHORT TITLE*

19 *“SEC. 801. This title may be cited as the ‘Federal Urban*
 20 *Land-Use Act’.*

21 *“DECLARATION OF PURPOSE AND POLICY*

22 *“SEC. 802. It is the purpose of this title to promote more*
 23 *harmonious intergovernmental relations and to encourage*
 24 *sound planning, zoning, and land use practices by prescribing*

1 *uniform policies and procedures whereby the Administrator*
2 *shall acquire, use, and dispose of land in urban areas in*
3 *order that urban land transactions entered into for the Gen-*
4 *eral Services Administration or on behalf of other Federal*
5 *agencies shall, to the greatest extent practicable, be consistent*
6 *with zoning and land-use practices and shall be made in*
7 *accordance with planning and development objectives of the*
8 *local governments and local planning agencies concerned.*

9 *“DISPOSAL OF URBAN LANDS*

10 *“SEC. 803. (a) Whenever the Administrator contem-*
11 *plates the disposal for or on behalf of any Federal agency of*
12 *any real property situated within an urban area, he shall,*
13 *prior to offering such land for sale, give reasonable notice to*
14 *the head of the governing body of the unit of general local*
15 *government having jurisdiction over zoning and land-use reg-*
16 *ulation in the geographical area within which the land or*
17 *lands are located in order to afford the government the oppor-*
18 *tunity of zoning for the use of such land in accordance with*
19 *local comprehensive planning.*

20 *“(b) The Administrator, to the greatest practicable*
21 *extent, shall furnish to all prospective purchasers of such real*
22 *property, full and complete information concerning—*

23 *“(1) current zoning regulations and prospective*
24 *zoning requirements and objectives for such property*
25 *when it is unzoned;*

1 “(2) current availability to such property of streets,
2 sidewalks, sewers, water, street lights, and other service
3 facilities and prospective availability of such services if
4 such property is included in comprehensive planning.

5 “ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

6 “SEC. 804. (a) To the extent practicable, prior to a
7 commitment to acquire any real property situated in an urban
8 area, the Administrator shall notify the unit of general local
9 government exercising zoning and land-use jurisdiction over
10 the land proposed to be purchased of his intent to acquire
11 such land and the proposed use of the property. In the event
12 that the Administrator determines that such advance notice
13 would have an adverse impact on the proposed purchase, he
14 shall, upon conclusion of the acquisition, immediately notify
15 such local government of the acquisition and the proposed
16 use of the property.

17 “(b) In the acquisition or change of use of any real
18 property situated in an urban area as a site for public build-
19 ing, the Administrator shall, to the extent he determines
20 practicable—

21 “(1) consider all objections made to any such acqui-
22 sition or change of use by such unit of government upon
23 the ground that the proposed acquisition or change of
24 use conflicts or would conflict with the zoning regulations
25 or planning objectives of such units; and

1 “(2) comply with and conform to such regulations
2 of the unit of general local government having jurisdic-
3 tion with respect to the area within which such property
4 is situated and the planning and development objectives
5 of such local government.

6 “SEC. 805. The procedures prescribed in sections 803
7 and 804 may be waived during any period of national
8 emergency proclaimed by the President.

9 “DEFINITIONS

10 “SEC. 806. As used in this title—

11 “(a) ‘Unit of general local government’ means any city,
12 county, town, parish, village, or other general-purpose politi-
13 cal subdivision of a State.

14 “(b) ‘Urban area’ means—

15 “(1) any geographical area within the jurisdiction
16 of any incorporated city, town, borough, village, or other
17 unit of general local government, except county or parish,
18 having a population of ten thousand or more inhabitants;

19 “(2) that portion of the geographical area within
20 the jurisdiction of any county, town, township, or simi-
21 lar governmental entity which contains no incorporated
22 unit of general local government but has a population
23 density equal to or exceeding one thousand five hundred
24 inhabitants per square mile; and

25 “(3) that portion of any geographical area having

1 *a population density equal to or exceeding one thousand*
2 *five hundred inhabitants per square mile and situated*
3 *adjacent to the boundary of any incorporated unit of*
4 *general local government which has a population of ten*
5 *thousand or more inhabitants.*

6 *“(c) ‘Comprehensive planning’ includes the following, to*
7 *the extent directly related to the needs of a unit of general*
8 *local government:*

9 *“(1) preparation, as a guide for long-range devel-*
10 *opment, of general physical plans with respect to (A)*
11 *the pattern and intensity of land use, (B) the provision*
12 *of public facilities (including transportation facilities)*
13 *and other governmental services, and (C) the effective*
14 *development and utilization of human and natural*
15 *resources;*

16 *“(2) long-range physical and fiscal plans for such*
17 *action;*

18 *“(3) programing of capital improvements and other*
19 *major expenditures, a determination of relative urgency,*
20 *together with definitive financing plans for such expendi-*
21 *tures in the earlier years of the program;*

22 *“(4) coordination of all related plans and activities*
23 *of the State and local governments and agencies con-*
24 *cerned; and*

1 “(5) preparation of regulatory and administrative
2 measures in support of the foregoing.”

3 *TITLE VII—UNIFORM RELOCATION*

4 *ASSISTANCE*

5 *DECLARATION OF POLICY*

6 *SEC. 701. The purpose of this title is to establish a uni-*
7 *form policy for the fair and equitable treatment of owners,*
8 *tenants, and other persons displaced by the acquisition of real*
9 *property in Federal and federally assisted programs so that*
10 *as far as practical such persons shall be left not worse off*
11 *economically than they were before being displaced. Such a*
12 *policy shall be as uniform as practicable as to (1) reloca-*
13 *tion payments, (2) advisory assistance, (3) assurance of*
14 *availability of standard housing, and (4) Federal reimburse-*
15 *ment for relocation payments under federally assisted*
16 *programs.*

17 *PART A.—FEDERAL PROGRAMS*

18 *RELOCATION PAYMENTS*

19 *SEC. 702. (a) If the head of any Federal agency ac-*
20 *quires real property for public use in a State, he shall make*
21 *fair and reasonable relocation payments to displaced persons*
22 *in accordance with the regulations established by the Presi-*
23 *dent under section 705 of this Act.*

24 *(b) In addition to the payments authorized by subsection*
25 *(a) of this section, an additional payment of \$300 is author-*

1 ized for any displaced person who moves from a dwelling
2 if the displaced person purchases a dwelling for the purpose
3 of residence within one year from the date of actual dis-
4 placement, except that such displaced person shall be eligible
5 for payment under this subsection only when the dwelling
6 purchased is situated upon real estate in which such person
7 acquires fee title, life estate, ninety-nine-year lease, or other
8 type of long-term lease equivalent to fee ownership.

9 (c) If any displaced person who moves or discontinues
10 his business elects to accept the payment authorized by this
11 subsection in lieu of the payment authorized for such business
12 by subsection (a) of this section, the head of such Federal
13 agency shall make a fixed relocation payment to such person
14 in an amount equal to the average annual net earnings of the
15 business, or \$5,000, whichever is the lesser: Provided, how-
16 ever, That in the case of a displaced person who is 62 years
17 of age or over, the fixed relocation payment shall be increased
18 by an amount equal to twice the average annual net earnings
19 of the business or \$5,000, whichever is the lesser. No pay-
20 ment shall be made under this subsection unless the head of
21 such agency is satisfied that the business (1) cannot be
22 relocated without a substantial loss of its existing patronage,
23 and (2) is not part of a commercial enterprise having at
24 least one other establishment, not being acquired by the
25 United States, which is engaged in the same or similar

1 business. For purposes of this subsection, the term “average
2 annual net earnings” means one-half of any net earnings of
3 the business, before Federal, State, and local income taxes,
4 during the two taxable years immediately preceding the tax-
5 able year in which such business moves from the real property
6 acquired by the United States and includes any compensation
7 paid by the business to the owner, his spouse, or his dependent
8 children during such two-year period. Such earnings and
9 compensation shall be established by Federal income tax
10 returns filed by such business and its owner and his spouse
11 and dependent children for such two taxable years.

12 (d) If any displaced person who moves from a dwelling
13 elects to accept the payments authorized by this subsection in
14 lieu of the payments authorized by subsection (a) of this
15 section for moving from such dwelling, the head of such
16 Federal agency shall make the following fixed relocation pay-
17 ments to such person:

18 (1) A moving expense allowance, determined ac-
19 cording to a schedule established by the head of such
20 agency, not to exceed \$200;

21 (2) A dislocation allowance equal to the amount
22 paid under paragraph (1) of this subsection or \$100,
23 whichever is the lesser;

24 (3) An additional payment of \$300 if the displaced
25 person purchases a dwelling for the purpose of residence

1 *within one year from the date of actual displacement except*
2 *that such displaced person shall be eligible for payment*
3 *under this subsection only when the dwelling purchased*
4 *is situated upon real estate in which such person acquires*
5 *fee title, life estate, ninety-nine-year lease, or other type*
6 *of long-term lease equivalent to fee ownership; and*

7 *(e) If any displaced person who moves or discontinues a*
8 *farm operation elects to accept the payment authorized by*
9 *this subsection in lieu of the payment authorized for such farm*
10 *operation by subsection (a) of this section, the head of such*
11 *Federal agency shall make a fixed relocation payment to*
12 *such person in the amount of \$1,000. In the case where the*
13 *entire farm operation is not acquired by such Federal agency,*
14 *the payment authorized by this subsection shall be made only*
15 *if the head of such agency determines that the remainder*
16 *property is no longer an economic unit.*

17 *(f)(1) In addition to any amount under subsections*
18 *(a), (b), (c), (d), and (e) of this section, the head of such*
19 *Federal agency may pay to or on behalf of any displaced*
20 *family, displaced elderly individual, or displaced handi-*
21 *capped individual, monthly payments over a period not to*
22 *exceed twenty-four months in an amount not to exceed \$500*
23 *in the first twelve months and \$500 in the second twelve*
24 *months to assist such displaced family or individual to secure*
25 *a decent, safe, and sanitary dwelling. Subject to the limita-*

1 *tion imposed by the preceding sentence, the additional pay-*
2 *ment shall be an amount which, when added to 20 per*
3 *centum of the annual income of the displaced individual or*
4 *family at the time of displacement, equals the average annual*
5 *rental required for such a decent, safe, and sanitary dwelling*
6 *of modest standards adequate in size to accommodate the dis-*
7 *placed individual or family in areas not generally less de-*
8 *sirable in regard to public utilities and public and com-*
9 *mercial facilities: Provided, That such payment shall be*
10 *made only to an individual or family who is unable to secure*
11 *a dwelling unit in a low-rent housing project assisted under*
12 *the United States Housing Act of 1937, or under a State or*
13 *local program found by the Secretary of Housing and Urban*
14 *Development to have the same general purposes as the Federal*
15 *program under such Act, or a dwelling unit assisted under*
16 *section 101 of the Housing and Urban Development Act of*
17 *1965.*

18 *(2) The Secretary of Housing and Urban Development*
19 *shall make the determinations under this subsection on the*
20 *amount of assistance according to family size, family or indi-*
21 *vidual income, average rents required, or similar considera-*
22 *tions for all agencies making such payments.*

23 *(3) The additional payments under this subsection may*
24 *be paid on a lump sum or other than monthly basis in cases*
25 *in which the small size of the payments that would otherwise*

1 *be required do not warrant a number of separate payments*
2 *or in other cases in which other than monthly payments are*
3 *determined warranted by the head of the Federal agency.*

4 *(4) No payment received under this subsection shall be*
5 *considered as income for the purpose of determining the*
6 *eligibility or the extent of eligibility of any person for assist-*
7 *ance under the Social Security Act or any other Federal Act.*

8 *(g)(1) In addition to amounts otherwise authorized, the*
9 *head of such Federal agency shall make a payment to the*
10 *owner of real property which is acquired for the project and*
11 *which is improved by a single- or two-family dwelling occu-*
12 *pled by the owner for a period of not less than one year*
13 *prior to the initiation of negotiations for the acquisition of*
14 *such property. Such payment, not to exceed \$5,000, shall be*
15 *an amount which, when added to the acquisition payment,*
16 *equals the average price required for a decent, safe, and*
17 *sanitary dwelling of modest standards adequate in size to*
18 *accommodate the displaced owner, reasonably accessible to*
19 *public services and places of employment and available on the*
20 *private market: Provided, That such payment shall be made*
21 *only to a displaced owner who purchases and occupies a*
22 *dwelling within one year subsequent to the date on which he*
23 *is required to move from the dwelling acquired for the*
24 *project.*

25 *(2) The Secretary of Housing and Urban Develop-*

1 *ment shall make the determinations under this subsection on*
2 *the prices prevailing in the locality for dwellings meeting the*
3 *requirements of paragraph (1) above for all agencies making*
4 *such payments.*

5 *RELOCATION ASSISTANCE PROGRAMS*

6 *SEC. 703. (a) If the head of any Federal agency*
7 *acquires real property for public use in a State, he shall*
8 *provide a relocation assistance program for displaced persons*
9 *which shall offer the services described in subsection (c) of*
10 *this section. If the head of such agency determines that*
11 *other persons, occupying property immediately adjacent to*
12 *the real property acquired, are caused substantial economic*
13 *injury because of the public improvement for which such*
14 *property is acquired, he may offer such persons relocation*
15 *services under such program.*

16 *(b) Federal agencies administering programs which*
17 *may be of assistance to displaced persons covered by this Act*
18 *shall cooperate to the maximum extent feasible with the Fed-*
19 *eral or State agency causing the displacement to assure*
20 *that such displaced persons receive the maximum assistance*
21 *available to them.*

22 *(c) Each relocation assistance program required by sub-*
23 *section (a) of this section shall include, to the maximum extent*
24 *practicable, such measures, facilities, or services as may be*
25 *necessary or appropriate in order (1) to determine the needs*

1 of displaced families, individuals, business concerns, and farm
2 operators for relocation assistance; (2) to assure that within
3 a reasonable period of time prior to displacement, there will be
4 available, in areas not generally less desirable in regard to
5 public utilities and public and commercial facilities and at
6 rents or prices within the financial means of the families and
7 individuals displaced, decent, safe, and sanitary dwellings
8 equal in number to the number of, and available to, such dis-
9 placed families and individuals and reasonably accessible to
10 their places of employment, except that the President may
11 prescribe by regulation situations when such assurances may
12 be waived; (3) to assist owners of displaced businesses and
13 displaced farm operators in obtaining and becoming estab-
14 lished in suitable business locations or replacement farms; (4)
15 to supply information concerning the Federal Housing
16 Administration home acquisition program under section 221
17 (d)(2) of the National Housing Act, the small business dis-
18 aster loan program under section 7(b)(3) of the Small Busi-
19 ness Act, and other programs offering assistance to displaced
20 persons; (5) to assist in minimizing hardships to displaced
21 persons in adjusting to relocation; and (6) to assure, to the
22 greatest extent practicable, the coordination of relocation activ-
23 ities with other project activities and other planned or pro-
24 posed governmental actions in the community or nearby areas
25 which may affect the carrying out of the relocation program.

1 (d) Paragraph (3) of section 7(b) of the Small Busi-
2 ness Act is amended to read as follows:

3 “(3) to make such loans (either directly or in co-
4 operation with banks or other lending institutions through
5 agreements to participate on an immediate or deferred
6 basis) as the Administration may determine to be neces-
7 sary or appropriate to assist any small business concern
8 in continuing in business at its existing location, in re-
9 establishing its business, in purchasing a business or in
10 establishing a new business, if the Administration deter-
11 mines that such concern has suffered substantial economic
12 injury as the result of its displacement by, or location in,
13 adjacent to, or near, a federally aided urban renewal
14 project or highway construction program or any other
15 public improvement program conducted by or with funds
16 provided in whole or in part by the Federal Govern-
17 ment or by the States; and the purpose of a loan made
18 pursuant to such project or program may, in the dis-
19 cretion of the Administration, include the purchase or
20 construction of other premises whether or not the bor-
21 rower owned the premises occupied by the business and,”.

22 STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

23 SEC. 704. Whenever real property is acquired by a State
24 agency for a Federal public improvement project, such acqui-
25 sition shall, for purposes of this Act, be deemed an acquisition

1 by the Federal agency having authority over such project
2 and such Federal agency shall make relocation payments,
3 provide relocation assistance, and provide assurance of avail-
4 ability of housing as required in the case of acquisitions of
5 real property by a Federal agency.

6 AUTHORITY OF THE PRESIDENT

7 SEC. 705. (a) To carry into effect the provisions of this
8 title, the President is authorized to make such rules and reg-
9 ulations as he may determine to be necessary to assure—

10 (1) that relocation payments authorized by section
11 702 shall be fair and reasonable and as uniform as
12 practicable;

13 (2) that a displaced person who makes proper ap-
14 plication for a relocation payment authorized for such
15 person by section 702(a) shall be reimbursed for or
16 paid—

17 (A) his actual and reasonable expenses in mov-
18 ing himself, his family, his business, farm opera-
19 tion, or other personal property, and for his actual
20 and reasonable expenses in searching for a replace-
21 ment property;

22 (B) if he disposes of personal property on mov-
23 ing his business or farm operation and replaces such
24 property at the new location at a price exceeding the

1 *sale price, the amount of the difference of such prices*
2 *not to exceed, however, the estimated cost of moving*
3 *the property or its market value, whichever is less;*
4 *and*

5 *(C) such other expenses authorized by section*
6 *702(a) as may be provided for in regulations issued*
7 *under this section;*

8 *(3) that a displaced person who makes proper appli-*
9 *cation for a relocation payment authorized for such*
10 *person by this title shall be paid promptly after a move*
11 *or, in certain hardship cases, the President may, by*
12 *regulation, authorize advance payment of certain reloca-*
13 *tion costs;*

14 *(4) that any person aggrieved by a determination as*
15 *to eligibility for a relocation payment authorized by this*
16 *title, or the amount of a payment, may have his applica-*
17 *tion reviewed by the head of the agency; and*

18 *(5) that a displaced person shall have a reasonable*
19 *time in which to apply for a relocation payment author-*
20 *ized by this title.*

21 *(b) The President may, by regulation, establish a limi-*
22 *tation on the amount of a relocation payment authorized by*
23 *section 702(a) with due consideration for the declaration of*
24 *policy in this title and the provisions of subsection (a) of this*
25 *section and section 707(b).*

1 (c) *In order to prevent unnecessary expense and dupli-*
 2 *cation of functions, and to promote uniform and effective*
 3 *administration of relocation assistance programs for displaced*
 4 *persons, the President is authorized to require that any Fed-*
 5 *eral agency make relocation payments or provide relocation*
 6 *services, or otherwise carry out its functions under this title,*
 7 *by utilizing the facilities, personnel, and services of any other*
 8 *Federal agency, or by entering into appropriate contracts*
 9 *or agreements with any State agency having an established*
 10 *organization for conducting relocation assistance programs.*

11 (d) *The President may make such other rules and regu-*
 12 *lations consistent with the provisions of this title as he deems*
 13 *necessary or appropriate to carry out this title.*

14 *FUND AVAILABILITY*

15 *SEC. 706. Funds appropriated or otherwise available*
 16 *to any Federal agency for the acquisition of real property*
 17 *or any interest therein shall be available also for obligation*
 18 *and expenditure to carry out the provisions of this title.*

19 *PART B.—FEDERALLY ASSISTED PROGRAMS*

20 *RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF*
 21 *AVAILABILITY OF HOUSING*

22 *SEC. 707. (a) Notwithstanding any other provision of*
 23 *law, on and after the effective date of this Act, no grant to, or*
 24 *contract or agreement with a State agency, under which Fed-*

1 eral financial assistance will be available to pay the cost in
2 connection with the acquisition of real property or of a public
3 improvement for which real property is to be acquired or as
4 the result of which displacement will otherwise occur, may be
5 approved by the head of the Federal agency responsible for
6 the administration of such Federal financial assistance unless
7 such State agency has entered into an agreement with the
8 head of such Federal agency to provide to displaced persons
9 for moves from such real property—

10 (1) fair and reasonable relocation payments as
11 described in section 702(a) of this title and in accord-
12 ance with regulations established by the President under
13 section 705 of this title;

14 (2) fixed relocation payments in the same amounts
15 and under the same terms and conditions as are required
16 to be made by a Federal agency by subsections 702 (c),
17 (d), (e), and (f) of this title;

18 (3) relocation assistance programs offering the serv-
19 ices described in section 703(c) of this title;

20 (4) a feasible method for the temporary relocation
21 of families and individuals displaced from the property
22 acquired, and assurance that within a reasonable period
23 of time prior to displacement, there will be available in
24 areas not generally less desirable in regard to public
25 utilities and public and commercial facilities and at rents

1 or prices within the financial means of the families and
2 individuals displaced, decent, safe, and sanitary dwell-
3 ings equal in number to the number of and available to
4 such displaced families and individuals and reasonably
5 accessible to their places of employment; and

6 (5) a payment for owner-occupants under the same
7 terms and conditions as are required to be made by Fed-
8 eral agencies by subsection 702(g) of this Act; Provided,
9 That no such payment shall be required or included as
10 a project cost under subsection 707(c) if the owner-
11 occupant receives a payment required by the State law of
12 eminent domain which is determined by the head of the
13 Federal agency to have substantially the same purpose
14 and effect as subsection 702(g) and to be part of the cost
15 of the project for which Federal financial assistance is
16 available.

17 (b) As a condition to further assistance to a State
18 agency for the acquisition of real property or of a public
19 improvement for which real property is to be acquired or as
20 a result of which displacement will otherwise occur, the
21 head of the Federal agency shall require, within a reason-
22 able time prior to actual displacement, satisfactory assurance
23 by the State agency that decent, safe, and sanitary dwellings
24 as required by subsection 707(a)(4) are available for the
25 relocation of each such individual or family.

1 (c) The cost to a State agency of providing the pay-
2 ments and services described in subsection (a) of this section
3 may be included as part of the cost of the project for which
4 Federal financial assistance is available to such State agency,
5 and such State agency shall be eligible for Federal financial
6 assistance with respect to such payments and services in
7 the same manner and to the same extent as with respect to
8 other project costs: Provided, That, notwithstanding any
9 other law, the Federal agency providing such assistance shall
10 contribute the first \$25,000 of the cost of providing such
11 payments to any person displaced prior to July 1, 1971:
12 And provided further, That no State agency need agree to
13 make any relocation payment in excess of \$25,000 to any
14 displaced person in order to receive the assistance authorized
15 by the subsection.

16 (d) In order to prevent unnecessary expenses and dupli-
17 cation of functions, and to promote uniform and effective ad-
18 ministration of relocation assistance programs for displaced
19 persons, any agreement by a State agency under subsection
20 (a) of this section shall provide that such agency may make
21 relocation payments or provide relocation assistance or other-
22 wise carry out its functions under this title by utilizing the
23 facilities, personnel, and services of any other State agency

1 *having an established organization for conducting relocation*
2 *assistance programs.*

3 *(e) Any grant to, or contract or agreement with a State*
4 *agency executed before the effective date of this Act, under*
5 *which Federal financial assistance is available to pay the cost*
6 *in connection with the acquisition of real property, or of the*
7 *improvement for which such property is acquired, may be*
8 *amended to include an agreement as described in subsection*
9 *(a) of this section.*

10 *(f) If the head of a Federal agency determines that it is*
11 *necessary for the expeditious completion of a public improve-*
12 *ment for which a State agency has entered into agreement,*
13 *as described in subsection (a) of this section, to make relo-*
14 *cation payments to displaced persons, or to provide the funds*
15 *necessary to meet the requirements of section 805(b)(1)*
16 *of this Act, he may advance the Federal share of such re-*
17 *location payments and an amount necessary to make the re-*
18 *quired payments under section 805(b)(1) to such State*
19 *agency. Upon determination by the head of such Federal*
20 *agency that any part of the funds advanced to a State agency*
21 *under this subsection are no longer required, the amount*
22 *which he determines not to be required shall be repaid upon*
23 *demand. Any sum advanced and not repaid on demand shall*

1 *be deducted from sums otherwise available to such State*
 2 *agency from Federal sources.*

3 *DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSIST-*
 4 *ANCE UNDER TITLE I OF THE HOUSING ACT OF 1949*
 5 *AS AMENDED*

6 *SEC. 708. A person who moves or discontinues his busi-*
 7 *ness, or moves other personal property, or moves from his*
 8 *dwelling on or after the effective date of this Act, as a direct*
 9 *result of any project or program which receives Federal*
 10 *financial assistance under title I of the Housing Act of 1949,*
 11 *as amended, shall, for the purposes of this title, be deemed to*
 12 *be a displaced person.*

13 *SEVERABILITY*

14 *SEC. 709. If any provision of this title, or the applica-*
 15 *tion thereof to any person or circumstance is held invalid, the*
 16 *remainder of this title and the application of the provision to*
 17 *other persons or circumstances shall not be affected thereby.*

18 *ACTS REPEALED*

19 *SEC. 710. (a) The following laws and parts of laws*
 20 *are hereby repealed:*

21 *(1) The Act entitled "An Act to authorize the Secretary*
 22 *of the Interior to reimburse owners of lands required for*
 23 *development under his jurisdiction for their moving expenses,*

1 *and for other purposes,” approved May 29, 1958 (43 U.S.C.*
2 *1231-1234).*

3 (2) *Paragraph 14 of section 203(b) of the National*
4 *Aeronautics and Space Act of 1958 (42 U.S.C. 2473).*

5 (3) *Section 2680 of title 10, United States Code.*

6 (4) *Section 133 of title 23, United States Code.*

7 (5) *Section 7(b) of the Urban Mass Transportation*
8 *Act of 1964 (49 U.S.C. 1606(b)).*

9 (6) *Section 105(c) of the Housing Act of 1949 (42*
10 *U.S.C. 1455(c)).*

11 (7) *Section 114 of the Housing Act of 1949 (42 U.S.C.*
12 *1465).*

13 (8) *Paragraph (8) of section 15 of the United States*
14 *Housing Act of 1937 (42 U.S.C. 1415(8)), except the first*
15 *sentence of such paragraph.*

16 (9) *Section 404 of the Housing and Urban Develop-*
17 *ment Act of 1965 (42 U.S.C. 3074).*

18 (10) *Section 107 of the Demonstration Cities and Met-*
19 *ropolitan Development Act of 1966 (42 U.S.C. 3307).*

20 (b) *Any rights or liabilities now existing under prior*
21 *Acts or portions thereof shall not be affected by the repeal*
22 *of such prior Acts or portions thereof under subsection (a)*
23 *of this section.*

1 *TITLE VIII—UNIFORM LAND ACQUISITION*
2 *POLICY*

3 *PART A.—FEDERAL PROGRAMS*

4 *UNIFORM POLICY ON LAND ACQUISITION PRACTICES*

5 *SEC. 801. (a) In order to encourage the acquisition of*
6 *real property by amicable agreements with owners, to relieve*
7 *congestion in the courts, to assure consistent treatment for*
8 *owners in the many Federal programs, and to promote public*
9 *confidence in Federal land acquisition practices, heads of*
10 *Federal agencies shall be governed by the following policies:*

11 *(1) The head of a Federal agency shall conduct*
12 *transactions for the acquisition of real property in such a*
13 *manner as to assure to the extent possible that persons*
14 *whose property is acquired shall not be worse off eco-*
15 *nomically than they were before the property was*
16 *acquired.*

17 *(2) The head of a Federal agency shall make every*
18 *reasonable effort to acquire real property by negotiated*
19 *purchase.*

20 *(3) Real property shall be appraised before the ini-*
21 *tiation of negotiations, and the owner or his designated*
22 *representative shall be given an opportunity to accompany*
23 *the appraiser during his inspection of the property.*

24 *(4) Before the initiation of negotiations for prop-*
25 *erty, the head of the Federal agency concerned shall*

1 *establish a price which he determines to be a fair and*
2 *reasonable consideration therefor, such price not to be*
3 *less than the appraised value of the property as approved*
4 *by such agency head, and shall make a prompt offer to*
5 *acquire the property for the full amount so established.*

6 *(5) No owner shall be required to surrender pos-*
7 *session of real property before the head of the Federal*
8 *agency concerned pays the agreed purchase price, or*
9 *deposits with the court in accordance with section 1 of*
10 *the Act of February 26, 1931 (46 Stat. 1421; 40*
11 *U.S.C. 258a), for the benefit of the owner an amount*
12 *not less than the appraised fair value of such property*
13 *as determined by such agency head, or the amount of*
14 *the award of compensation in the condemnation proceed-*
15 *ing for such property.*

16 *(6) The construction or development of public im-*
17 *provements shall be so scheduled that, to the greatest*
18 *extent practicable, no person lawfully occupying real*
19 *property will be required to move from a dwelling, or*
20 *to move his business or farm operation without at least*
21 *ninety days' written notice from the head of the Federal*
22 *agency concerned, of the date by which such move is*
23 *required.*

24 *(7) If the head of the Federal agency concerned*

1 *does not require a building, structure, or other improve-*
2 *ment acquired as a part of the real property, he shall*
3 *where practicable offer to permit its owner to remove it.*
4 *As a condition of removal, an appropriate agreement*
5 *shall be required whereby the fair value of such building,*
6 *structure, or improvement for removal from the real*
7 *property, as determined by such agency head, will be*
8 *deducted from the compensation otherwise to be paid for*
9 *the real property, however such compensation may be*
10 *determined.*

11 *(8) If the head of a Federal agency permits an*
12 *owner or tenant to occupy the real property acquired on*
13 *a rental basis for a short term or for a period subject to*
14 *termination by the Government on short notice, the*
15 *amount of rent required shall not exceed the fair rental*
16 *value of the property to a short-term occupier.*

17 *(9) In no event shall the head of a Federal agency*
18 *either advance the time of condemnation, or defer the*
19 *condemnation and the deposit of funds in court for the*
20 *use of the owner, in order to compel an agreement on the*
21 *price to be paid for the property. If an agency head*
22 *cannot reach an agreement with the owner, after nego-*
23 *tiations have continued for a reasonable time, he shall*
24 *promptly institute condemnation proceedings and, at the*
25 *same time or as soon thereafter as practicable, file a*

1 *declaration of taking and deposit funds with the court in*
2 *accordance with the Act of February 26, 1931 (46 Stat.*
3 *1421; 40 U.S.C. 258a), if possession is required prior*
4 *to the entry of the judgment in the condemnation*
5 *proceeding.*

6 *(10) If an interest in real property is to be acquired*
7 *by exercise of the power of eminent domain, the head of*
8 *the Federal agency concerned shall, except as to property*
9 *to be acquired under section 25 of the Tennessee Valley*
10 *Authority Act of 1933 (48 Stat. 70, as amended; 16*
11 *U.S.C. 831x), request the Attorney General to institute*
12 *formal condemnation proceedings. No Federal agency*
13 *head shall intentionally make it necessary for an owner*
14 *to institute legal proceedings to prove the fact of the*
15 *taking of his property.*

16 *(11) If the acquisition of only part of a property*
17 *would leave its owner with an uneconomic remnant, the*
18 *head of the Federal agency concerned shall offer to*
19 *acquire the entire property.*

20 *(12) In determining the boundaries of a proposed*
21 *public improvement, the head of the Federal agency con-*
22 *cerned should take into account human considerations,*
23 *including the economic and social effects of such deter-*
24 *mination on the owners and tenants of real property*
25 *in the area, in addition to engineering and other factors.*

1 (b) *The provisions of this section shall not affect the*
2 *validity of any property acquisitions by purchase or con-*
3 *demnation.*

4 *BUILDINGS, STRUCTURES, AND IMPROVEMENTS*

5 *SEC. 802. (a) Notwithstanding any other provisions*
6 *of law, if the head of a Federal agency acquires land or any*
7 *interest in land for public use in a State, he shall acquire*
8 *a like interest, or greater interest, in all buildings, structures,*
9 *or other improvements comprising part of the real property*
10 *so acquired which are required to be removed from the*
11 *land or which, in the opinion of such agency head, will be*
12 *adversely affected by such public use, if such improvements*
13 *are not required to be removed.*

14 *(b) As used in this section, the term "real property"*
15 *means land, or any interest in land, and (1) any building,*
16 *structure, or other improvement imbedded in or affixed to*
17 *land, and any article so affixed or attached to such building,*
18 *structure, or improvement as to be an essential and integral*
19 *part thereof; (2) any article affixed or attached to such real*
20 *property in such manner that it cannot be removed without*
21 *material injury to itself or the real property; and (3) any*
22 *article so designed, constructed, or specially adapted for*
23 *the purpose for which such real property is used that (A)*
24 *it is an essential accessory or part of such real property,*
25 *(B) it is not capable of use elsewhere, and (C) it would*

1 lose substantially all its value if removed from the real
2 property.

3 (c) For the purpose of determining the extent of the
4 acquisition of real property and the valuation thereof, no
5 building, structure, or other improvement shall be deemed
6 to be other than a part of the real property solely because
7 of the right or obligation of a tenant, as against the owner
8 of any other interest in the real property, to remove such
9 building, structure, or improvement at the expiration of his
10 term, and the head of the Federal agency shall pay to the
11 tenant the fair value of the building, structure, or improve-
12 ment, which fair value shall be determined by such agency
13 head as the greatest of (1) the contributive value of the im-
14 provement to the present use of the entirety, (2) the current
15 cost of reproduction less depreciation of the improvement, or
16 (3) the value of the improvement for removal from the
17 property: Provided, (1) that payment hereunder will not
18 result in duplication of any payments otherwise authorized
19 by law; (2) that the fee owner of the land involved disclaims
20 any interest in the improvements of the lessee; and (3) the
21 lessee in consideration for such payment shall assign, transfer
22 and release to the United States all his right, title, and
23 interest in and to such improvements: Provided further, That
24 no provision of this section shall be construed to deprive the

1 lessee of his right to reject the payments hereunder and to
2 obtain payment for his property interests of just compensa-
3 tion as otherwise defined by law.

4 *EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO*
5 *UNITED STATES*

6 *SEC. 803. The head of a Federal agency, as soon as prac-*
7 *tical after the date of payment of the purchase price or the date*
8 *of deposit of funds to satisfy the award of compensation in a*
9 *condemnation proceeding to acquire real property, whichever*
10 *is the earlier, shall reimburse the owner, to the extent the head*
11 *of such agency deems fair and reasonable, for expenses neces-*
12 *sarily incurred for—*

13 (1) recording fees, transfer taxes, and similar
14 expenses in conveying such real property to the United
15 States;

(2) penalty costs for prepayment of mortgage incident to such real property, provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the authorized Federal agency; and

(3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

1 *PART B.—FEDERALLY ASSISTED PROGRAMS*

2 *REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREE-*
3 *MENTS FOR FEDERAL FINANCIAL ASSISTANCE*

4 *SEC. 804. (a) Notwithstanding any other provision of*
5 *law, on and after the date of enactment of this Act no grant*
6 *to or contract or agreement with a State agency, under which*
7 *Federal financial assistance will be available to pay in whole*
8 *or in part the cost of the acquisition of real property or of*
9 *a public improvement for which real property is to be ac-*
10 *quired, may be approved by the head of the Federal agency*
11 *responsible for the administration of such Federal financial*
12 *assistance unless such State agency has entered into an agree-*
13 *ment which shall provide—*

14 *(1) that every reasonable effort shall be made to*
15 *acquire the real property by negotiated purchase;*

16 *(2) that the construction or development of the pub-*
17 *lic improvement shall be so scheduled that, to the greatest*
18 *extent practicable, no person will be required to move*
19 *from a home, farm, or business location without at least*
20 *ninety days' written notice from such State agency of*
21 *the date by which the move is required; and*

22 *(3) that it shall be the policy of the head of the*
23 *State agency, before initiating negotiations for real prop-*
24 *erty, to establish a price which he believes to be a fair and*

1 *reasonable consideration therefor, such price not to be*
2 *less than the appraised value of the property as approved*
3 *by such State agency head, and to make a prompt offer*
4 *to acquire the property for the full amount so estab-*
5 *lished.*

6 *(b) Notwithstanding any other provision of law, on and*
7 *after July 1, 1971, no grant to, or contract or agreement*
8 *with a State agency, under which Federal financial assistance*
9 *will be available to pay in whole or in part the cost of the*
10 *acquisition of real property, or of a public improvement for*
11 *which real property is to be acquired, may be approved by*
12 *the head of the Federal agency responsible for the adminis-*
13 *tration of such Federal financial assistance, unless such*
14 *State agency has entered into the agreements described in*
15 *subsection (a) of this section and has agreed—*

16 *(1) that no owner will be required to surrender*
17 *possession of real property before the head of the State*
18 *agency (A) pays the agreed purchase price, (B) makes*
19 *available to the owner, by court deposit or otherwise, an*
20 *amount not less than the appraised fair value of such*
21 *property, as approved by such State agency head, with-*
22 *out prejudice to the right of the owner to contest the*
23 *amount of compensation due for the property, or (C)*
24 *deposits or pays the final award of compensation in the*
25 *condemnation proceeding for such property;*

1 (2) that the head of the State agency, not later than
2 the date of payment of the purchase price or the date
3 of deposit of funds to satisfy the award of compensation
4 in a condemnation proceeding to acquire real property,
5 whichever is the earlier, shall reimburse the owner, to
6 the extent the head of such agency deems fair and reason-
7 able, for expenses necessarily incurred for—

8 (A) recording fees, transfer taxes, and similar
9 expenses in conveying such real property to the
10 United States;

11 (B) penalty costs for prepayment of mortgage
12 incident to such real property, provided that such
13 mortgage shall be of record as required by law on
14 the date the official announcement of the project is
15 made by the State agency; and

16 (C) the pro rata portion of real property taxes
17 allocable to a period subsequent to the date of vest-
18 ing title or the effective date of a court order of
19 possession, whichever is the earlier.

20 (3) that any decrease in the value of real property
21 prior to the date of valuation caused by the public im-
22 provement for which such property is acquired, or by
23 the likelihood that the property would be acquired for the
24 proposed public improvement, other than that due to
25 physical deterioration within the reasonable control of

1 *the owner, will be disregarded in determining the com-*
2 *ensation for the property; and*

3 *(4) that for the purpose of determining the extent*
4 *of the acquisition of real property and the valuation*
5 *thereof, no building, structure, or other improvement shall*
6 *be deemed to be other than a part of the real property*
7 *solely because of the right or obligation of a tenant, as*
8 *against the owner of any other interest in the real prop-*
9 *erty, to remove such building, structure, or improvement*
10 *at the expiration of his term, and the head of the State*
11 *agency shall pay to the tenant the fair value of the build-*
12 *ing, structure, or improvement, which fair value shall be*
13 *determined by such agency head as the greatest of (1)*
14 *the contributive value of the improvement to the present*
15 *use of the entirety, (2) the current cost of reproduction*
16 *less depreciation of the improvement, or (3) the value of*
17 *the improvement for removal from the property: Pro-*
18 *vided, (1) that payment hereunder will not result in*
19 *duplication of any payments otherwise authorized by*
20 *law; (2) that the fee owner of the land involved disclaims*
21 *any interest in the improvements of the lessee; and (3)*
22 *the lessee in consideration for such payment shall assign,*
23 *transfer, and release to the State agency all his right,*
24 *title, and interest in and to such improvements: Provided*
25 *further, That no provision of this section shall be con-*

1 *strued to deprive the lessee of his right to reject the pay-*
2 *ments hereunder and to obtain payment for his property*
3 *interests of just compensation as otherwise defined by*
4 *law.*

5 *PROVISIONS REPEALED*

6 *SEC. 805. Effective on July 1, 1971, sections 401, 402,*
7 *and 403 of the Housing and Urban Development Act of*
8 *1965 (42 U.S.C. 3071-3073) are hereby repealed.*

9 *TITLE IX—JUDICIAL REVIEW*

10 *SEC. 901. The provisions of sections 551-559 and 701-*
11 *706 of title V, United States Code, shall apply to an action*
12 *of a Federal agency under title VII and title VIII. For*
13 *purposes of this title, the definition of "person" contained*
14 *in section 551(2) of title V, United States Code, shall be*
15 *deemed to include a State as defined in this Act.*

16 *SEC. 902. Any person or State adversely affected or*
17 *aggrieved by a final action of a Federal agency under title*
18 *VII or title VIII of this Act may institute, in the district*
19 *court in the United States or the judicial district in which*
20 *such person resides or such State is located, or in which the*
21 *claim of such person or State first arose, an action seeking*
22 *review of such final action of the Federal agency and*
23 *demanding appropriate relief therefrom.*

Amend the title so as to read: "A bill to achieve the fullest cooperation and coordination of activities among the

levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.”

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

By Mr. MUSKIE, Mr. BAKER, Mr. BAYH, Mr. BOGGS, Mr. BREWSTER, Mr. CLARK, Mr. ERVIN, Mr. GRUENING, Mr. HANSEN, Mr. HART, Mr. HATFIELD, Mr. JACKSON, Mr. JORDAN of Idaho, Mr. KENNEDY of Massachusetts, Mr. LONG of Missouri, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. METCALF, Mr. MILLER, Mr. MONTOMY, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. PASTORE, Mr. PELL, Mr. PROUTY, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCOTT, Mr. TYDINGS, and Mr. WILLIAMS of New Jersey

JANUARY 26, 1967

Read twice and referred to the Committee on
Government Operations

JULY 24, 1968

Reported with amendments

Senate

July 29, 1968

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12. OCEANOGRAPHY. Agreed to without amendment S. Con. Res. 72, to express the sense of the Congress favoring an International Decade of Ocean Exploration during the 1970's. pp. S9663-4
13. BUILDINGS. Agreed to the conference report on S. 222, to insure that public buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped (p. S9685). This bill will now be sent to the President.
14. POULTRY. Passed, 73-0, with amendments H. R. 16363, to clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs (pp. S9704, S9656-7, S9627-38). Prior to this passage agreed to a motion to discharge the Agriculture and Forestry Committee from further consideration of the bill (p. S9637). Agreed to an amendment to substitute the language of S. 2932, as amended, a similar bill (pp. S9637-8). The substitute bill was amended as follows: To limit the Secretary's authority to grant wholesale exemptions from all provisions of the Act (p. S9628); to provide that when the USDA's grounds of condemnation are that the poultry is diseased, the reason for condemnation shall be supported by scientific fact (p. S9630); and (by a 52-19 vote) that poultry inspection laws should continue to limit State-inspected meat and poultry to intrastate movement (p. S9635). Conferees were appointed (p. S9638). House conferees have not been appointed. Agreed to a motion that S. 2932, a similar bill, be indefinitely postponed (p. S9638).
15. TAXATION. Sen. Proxmire explained his reasons for believing that the tax increase "could very possibly result in higher rather than lower prices." pp. S9647-8
16. CROP INSURANCE. Sen. Bayh commended USDA and FCIC for operating the crop insurance program "on such a business-like basis that all losses have been paid out of premium income over the last two decades." p. S9647
17. WORLD FOOD. Sen. Javits expressed concern about the "increasing" food needs of the world and stated we must take steps to export the techniques for developing new technology. pp. S9657-8
18. RURAL DEVELOPMENT. Sen. Javits commended the work of the Economic Development Adm. and stated its success "will help ease the burden on the cities and help revitalize the economies of the Nation's rural areas." p. S9656
19. FOREIGN AID. Began debate on H. R. 15263, the foreign aid authorization bill. pp. S9704-8
20. INTERGOVERNMENTAL COOPERATION. Passed as reported, S. 698, proposed Intergovernmental Cooperation Act of 1967 (pp. S9696-9604). The bill, as amended, contains nine titles, one setting forth necessary definitions, and each of the others dealing with an area of intergovernmental relations. Sen. Muskie summarized each of the titles (pp. S9703-4).

21. ROADS. Agreed to the conference report on S. 3418, the road authorization bill (pp. S9670-85). This bill will now be sent to the President.
22. APPROPRIATIONS. Passed as reported H. R. 17522, State, Justice, and Commerce, the Judiciary, and related agencies appropriation bill (pp. S9663, S9668, S9685-95). Senate conferees were appointed (p. S9695). House conferees have not been appointed.

EXTENSION OF REMARKS

23. FEDERAL AID. Rep. Findley inserted a partial list of the Federal loans, grants, and contracts in the 20th Congressional District of Ill. during the 90th Congress. pp. E7052-6
Rep. Smith inserted articles on the efforts of Rep. Roth to catalogue all the Federal assistance programs. pp. E7089-91
24. RECREATION. Rep. Pollock inserted an article on the great beauty of Alaska's scenery and its many national parks and monuments. pp. E7059-60
25. FARM PROGRAM. Rep. Madden stated that an extension of the farm bill of 1965 will endanger many of the programs administered by this Department. He alleged that over one-half of the annual budget for this Department is "for payments to cotton, feed grain, and wheat farmers for supposedly not growing these crops or as a substitute for depressed market conditions." p. E7068
26. ROADS. Rep. Ottinger inserted an editorial criticizing the proposed road authorization bill while Rep. Clausen praised the proposed bill. pp. E7072, E7087
27. REPORT. Rep. Dole inserted a summary of the work of the 90th Congress. p. E7082
28. HUNGER. Rep. Bingham spoke on the continuing death toll from starvation in Biafra. pp. E7083-4
29. CONSUMER LEGISLATION. Rep. Hamilton spoke in favor of consumer legislation and referred to the 90th Congress as the "Consumer Congress." p. E7092

BILLS INTRODUCED

30. TIMBER EXPORTS. H. R. 19017 by Rep. Baring, H. R. 19022 by Rep. May, H. R. 19026 by Rep. Foley and H. R. 19028 by Rep. Karth, to establish a quantity of unprocessed timber from certain Federal lands which may be sold for export during the calendar years 1968 through 1972; to Interior and Insular Affairs Committee.
31. EMPLOYMENT. S. 3937 by Sen. McCarthy, to assure to every American a full opportunity to have adequate employment, housing, and education, free from any discrimination on account of race, color, religion, or national origin; to Labor and Public Welfare Committee.

for many departments and agencies of our Federal Government.

I was most interested in the fact that a little less than 3 percent of the aggregate amount is for a Federal agency whose programs actually result in no cost to the Federal Government. I refer to the Small Business Administration.

I am sure my colleagues have noted that the bulk of SBA's annual operating expenses are derived from the agency's revolving fund which constantly grows as the financial assistance extended to small business is repaid with interest. This same financial assistance to small business results in new jobs and greater productivity which can, in turn, be translated into increased revenues for Federal, State, and local governments.

In the past 8 years, SBA has continued to expand and intensify its existing programs and meet new problems with new programs—the economic opportunity loan program, expanded training programs, lease guarantee, community economic development conferences, expanded business loan operations, assistance to small businessmen wishing to engage in foreign trade, an expanded program for giving small business a fair share of defense procurement.

The small businessman has benefited immeasurably through these farsighted steps.

Mr. President, the more than 5 million small businesses in America today are vital to our economy: they make up 95 percent of our business; they employ four out of every 10 of our wage earners; they provide family income for more than 75 million Americans.

The imaginative Federal programs that provide businessmen with much-needed assistance through the Small Business Administration have done much to help bring about the balanced growth so necessary to the continued prosperity of our Nation.

The Senate Banking and Currency Committee, which I have the honor and privilege to chair, has legislative cognizance over SBA, and I can assure my colleagues that our committee is proud of the way this small agency has used its limited resources to achieve a substantial impact on our unprecedented national economic growth during the past 8 years.

I congratulate the Committee on Appropriations and the Subcommittee on Departments of State, Justice, Commerce, the Judiciary, and Related Agencies which handled this bill under the leadership of its able chairman, Senator McCLELLAN, the distinguished senior Senator from the great State of Arkansas.

I urge my colleagues to join me in strong support of this bill.

Mr. BURDICK. Mr. President, I rise in support of H.R. 17522. It is a good bill, and I congratulate the Appropriations Committee on its fine work, particularly that of the distinguished Senator from Arkansas who chairs the Subcommittee on the Departments of State, Justice, Commerce, the Judiciary, and Related Agencies.

One of those "related agencies" is the Small Business Administration, a tiny Federal agency by size and cost of oper-

ation when compared with others, but a giant in bringing Federal assistance to the small business community of our country.

For example, here is what SBA has done during the period July 1, 1967 through May 31, 1968: 8,651 regular business loans totaling \$449,100,000; 2,534 economic opportunity loans—\$26,800,000—to help disadvantaged people in our declining rural areas and inner cities improve existing businesses or start new ones; 294 displaced business loans in the amount of \$38,100,000 to help businesses displaced by Federal or federally aided projects find new homes; a State development company loan for \$200,000; 341 local development company loans adding up to \$45,600,000; and 13,649 disaster loans for \$108,300,000 to provide relief to victims of floods, tornados and other disasters.

All of this adds up to 25,527 financial transactions in an 11-month period—a total of \$689,600,000 working in our economy.

I cannot think of any other single Government agency which has done so much with limited resources to help hundreds of thousands of small businessmen succeed over the years.

I am particularly delighted to see the agency making a concerted and effective effort to help the disadvantaged with imaginative new programs established under the authority of title IV of the Economic Opportunity Act.

We are all aware of President Johnson's leadership in bring Federal programs to the disadvantaged in order that they may help themselves to become productive citizens and thereby share more equitably in the unprecedented economic growth of our country during the past few years.

Mr. President, these are not just partisan words. I speak from first-hand knowledge of activities in the State of North Dakota, which I have the privilege to represent. I would like to recount for my colleagues a specific example which came to my attention earlier this year, when the SBA regional office in Fargo approved an economic opportunity loan of \$25,000 to Three Tribes Stoneware, Inc., of New Town, N. Dak.

I was particularly interested in this loan because it was made to American Indians and will provide jobs in their own business for American Indians on the Fort Berthold Reservation.

Mr. President, I think we all agree that the American Indian has not had the opportunity to participate in or enjoy the fruits of our expanding economy.

This economic opportunity loan of \$25,000, to be repaid in the next 15 years, will create employment initially for six Indian women in the manufacture of pottery tableware.

These jobs now exist where none did before as a direct result of the landmark Economic Opportunity Act of 1964. I recognize that six jobs on a remote Indian reservation is minuscule when we know that some 30 million Americans live on submarginal incomes. But multiplied a thousandfold throughout the country, this is certainly a step in the right direction.

SBA has made 7,416 of these economic opportunity loans since the program began. The agency reports that each loan produces at least 2.5 jobs, including the borrower. So the loans SBA has made under this program have created more than 18,500 jobs.

And SBA has made many other steps in the right direction, with its programs of financial assistance, management training; a volunteer force of retired executives to give struggling businessmen the benefit of their experience; literature; and conferences.

Mr. President, I urge favorable consideration of this bill.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read the third time.

The bill (H.R. 17522) was read the third time, and passed.

Mr. McCLELLAN. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McCLELLAN, Mr. ELLENDER, Mr. HOLLAND, Mr. PASTORE, Mr. McGEE, Mr. FULBRIGHT, Mrs. SMITH, Mr. HRUSKA, and Mr. COTTON the conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, the adoption of the State-Justice-Commerce funding measure by the Senate adds another outstanding achievement to the unsurpassed record of the Senator from Arkansas [Mr. McCLELLAN]. He managed this appropriations bill with the same high degree of skill and ability that has characterized his many years of public service. We are deeply grateful.

Also to be thanked for contributing so capably to the discussion is the Senator from Delaware [Mr. WILLIAMS]. He demonstrated the keen appreciation and understanding that have always characterized his participation. Particularly, we appreciate his cooperation.

The Senator from Indiana [Mr. BAYH] and other Senators also contributed and we are similarly grateful to them. The disposition of this measure today was highly efficient and the Senate may be proud of another achievement.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 1648. An act for the relief of Martina Zubiri Garcia;

H.R. 2281. An act for the relief of Dwayne C. Cox and William D. Martin;

H.R. 6195. An act for the relief of Peter Balinas and Lee Balinas;

H.R. 6655. An act for the relief of Mary Jane Orloski;

H.R. 8391. An act for the relief of Adel Lessert Bellmard, Clement Lessert, Josephine

Gonvil Pappan, Julie Gonvil Pappan, Pelagie Gonvil Franceour de Aubri, Victore Gonvil Pappan, Marie Golvil, Lafieche Gonvil, Louis Laventure, Elizabeth Carvonau Vertifelle, Pierre Carbonau, Louis Joncas, Basil Joncas, James Joncas, Elizabeth Datcherute, Joseph Butler, William Rodger, Joseph Cote, four children of Cicili Compare and Joseph James, or the heirs of any who may be deceased;

H.R. 9098. An act to revise the boundaries of the Badlands National Monument in the State of South Dakota, to authorize exchanges of land mutually beneficial to the Oglala Sioux Tribe and the United States, and for other purposes;

H.R. 9391. An act to amend section 376(a) of title 28, United States Code;

H.R. 10321. An act for the relief of Mrs. Claudette C. Donahue;

H.R. 10327. An act for the relief of Louis J. Falardeau, Irva G. Franger, Betty Klemcke, Wineta L. Welburn, and Emma L. McNeil, all individuals employed by the Department of the Army at Fort Sam Houston, Tex.;

H.R. 10915. An act to amend section 202 of the Agricultural Act of 1956;

H.R. 11381. An act for the relief of E. D. Townley, Otis T. Hawkins, and Leo T. Matous;

H.R. 12119. An act for the relief of Joseph M. Hepworth;

H.R. 14167. An act for the relief of Lydia M. Parsley;

H.R. 15189. An act to authorize appropriations for certain maritime programs of the Department of Commerce;

H.R. 15864. An act to provide for the operation of the William Langer Jewel Bearing Plant at Rolla, N. Dak., and for other purposes; and

H.R. 16913. An act making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1969, and for other purposes.

INTERGOVERNMENTAL COOPERATION ACT OF 1968

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1437, S. 698.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had

been reported from the Committee on Government Operations, with an amendment, to strike out all after the enacting clause and insert:

That this Act be cited as the "Intergovernmental Cooperation Act of 1968."

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

Sec. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation, and for the purposes of title VIII, the Architect of the Capitol.

STATE

Sec. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State. For the purposes of titles VII, VIII, and title IX the term "State" does not include such political subdivisions.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

Sec. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

Sec. 104. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

Sec. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State; but shall not include a school district.

GRANT OR GRANT-IN-AID

Sec. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

- (A) to a State; or
- (B) to a political subdivision of a State; or
- (C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

If such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

Sec. 107. The term "Federal assistance", "Federal financial assistance", "Federal assistance programs", or "federally assisted programs", means programs that provide assist-

ance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees, or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

Sec. 108. "Specialized or technical services" means special statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which the Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized by law to perform.

COMPREHENSIVE PLANNING

Sec. 109. "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other governmental services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programming of capital improvements and other major expenditures, a determination of their relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulatory and administrative measures in support of the foregoing.

STATE AGENCY

Sec. 110. For the purposes of titles VII and VIII, the term "State agency" means any agency or instrumentality created by a State, or by a political subdivision of a State or by agreement between two or more States or by two or more political subdivisions of a State or States.

HEAD OF AGENCY

Sec. 111. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

DISPLACED PERSON

Sec. 112. The term "displaced person" means—

(1) any person who is the owner of a business which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(2) any person who is the farm operator of a farm operation which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(3) any individual who is the head of a family which moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or which moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency of other real property on which such family conducts a business or farm operation;

(4) any individual, not a member of a family, who moves from real property occupied as a dwelling on or after the effective

date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or who moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency, or other real property on which such individual conducts a business or farm operation; and

(5) any individual, not described in paragraph (1), (2), (3), or (4) of this section, who moves his personal property from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency: *Provided*, That this shall not include the owner of property on the premises of another under a lease or licensing arrangement where such owner is required pursuant to such lease or license to move such property at his own expense.

BUSINESS

SEC. 113. The term "business" means any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the cultivation, processing, or marketing of timber; (4) for the sale of services to the public; or (5) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale for gain.

FARM OPERATION

SEC. 114. The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities, other than timber, for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

FARM OPERATOR

SEC. 115. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

FAMILY

SEC. 116. The term "family" means two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

ELDERLY INDIVIDUAL

SEC. 117. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 118. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 119. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

OWNER AND PERSON

SEC. 120. The terms "owner" and "person" mean any individual, and any partnership, corporation, or association.

REAL PROPERTY

SEC. 121. The term "real property" as used in this Act shall include land, and any interest in land, including but not limited to easements, rights-of-way, water rights, and mineral interests.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing the Governor or other official designated by him, or the State legislature, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organization arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize

all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment to the department or agency by the unit of government making the request, of salaries and all computable overhead and indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations, determines may be provided by Federal departments and agencies. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged, or to the appropriation currently available for the cost of similar services.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President shall, therefore, establish rules and regulations for uniform application in the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consid-

eration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict—

(1) appropriate land uses for residential, commercial, industrial, government, institutional, and other purposes;

(2) wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

(3) balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

(4) adequate outdoor recreation and open spaces;

(5) protection of areas of unique natural beauty, historical, and scientific interest;

(6) properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes;

(7) concern for high standards of design; and

(8) any other objective through which Federal or federally assisted development programs or projects can contribute to the balanced economic, social, and cultural development of the Nation and the achievement of enhanced levels of living.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. Regional, State, and local government objectives shall be considered and evaluated within a framework of national public objectives, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and made part of comprehensive local and areawide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to the special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are

deemed appropriate for the effective administration of this title.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 501. It is the purpose and intent of this title to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grants-in-aid as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment; and (3) grant programs are terminated when they have substantially achieved their purpose. It is further the purpose and intent of this title to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in the operation thereof.

EXPIRATION OF GRANT-IN-AID PROGRAMS

SEC. 502. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid to two or more States or to political subdivisions of two or more States and no expiration date for such authority is specified by law, and such grant is not specifically exempted from the provisions of this title, then the authority to make grants-in-aid by reason of such Act to States, political subdivisions, and other beneficiaries from funds not theretofore obligated shall expire not later than June 30 of the fifth calendar year which begins after the effective date of such Act.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

SEC. 503. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid over a period of three or more years to two or more States or to political subdivisions of two or more States, then during the period beginning not later than twelve months immediately preceding the date on which such authority is to expire, the committees of the Senate and of the House to which legislation extending such authority would be referred shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made with a view to ascertaining, among other matters of concern to the committees, the following:

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met;

(2) The extent to which such programs can be carried on without further financial assistance from the United States;

(3) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto, to conform to recommendations by the Comptroller General under section 504, should be made;

(4) Whether or not any changes in purpose, direction, or administration of the original program should be made in the light of re-

ports and recommendations submitted on request by the Advisory Commission on Intergovernmental Relations; and

(5) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

Each such committee shall report the results of its investigation and study to its respective House not later than one hundred and twenty days before such authority is due to expire.

STUDIES BY COMPTROLLER GENERAL GRANT-IN-AID PROGRAMS

SEC. 504. The Comptroller General shall make continuing studies of presently existing and all future programs for grant-in-aid assistance from the Federal Government to the States or their political subdivisions concerning the extent to which programs conflict and duplication can be eliminated and more effective, efficient, economical, and uniform administration of such programs could be achieved by changing certain requirements and procedures applicable thereto.

In reviewing such programs the Comptroller General shall consider, among other relevant matters, the equalization formulas, and the budgetary, accounting, reporting and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 505. Upon request of any committee referred to in section 503, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 506. (a) Each State or political subdivision thereof receiving assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification, or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant may prescribe, including records which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The head of the Federal agency administering such grant and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients that are pertinent to the grants received.

TITLE VI—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 601. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION
"SHORT TITLE

"SEC. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations and to encourage sound planning, zoning, and land use practices by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned;

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such units; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar government entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) preparation, as a guide for long-range development, of general physical plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

"(2) long-range physical and fiscal plans for such action;

"(3) programming of capital improvements and other major expenditures, a determination of relative urgency, together with definite financing plans for such expenditures in the earlier years of the program;

"(4) coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(5) preparation of regulatory and administrative measures in support of the foregoing."

TITLE VII—UNIFORM RELOCATION ASSISTANCE

DECLARATION OF POLICY

SEC. 701. The purposes of this title is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs so that as far as practical such persons shall be left not worse off economically than they were before being displaced. Such a policy shall be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

PART A.—FEDERAL PROGRAMS

RELOCATION PAYMENTS

SEC. 702. (a) If the head of any Federal agency acquires real property for public use in a State, he shall make fair and reasonable relocation payments to displaced persons in accordance with the regulations established by the President under section 705 of this Act.

(b) In addition to the payments authorized by subsection (a) of this section, an additional payment of \$300 is authorized for any displaced person who moves from a dwelling if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement, except that such displaced person shall be eligible for payment under this subsection only when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or other type of long-term lease equivalent to fee ownership.

(c) If any displaced person who moves or discontinues his business elects to accept the payment authorized by this subsection in lieu of the payment authorized for such business by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in an amount equal to the average annual net earnings of the business, or \$5,000, whichever is the lesser: *Provided, however,* That in the case of a displaced person who is 62 years of age or over, the fixed relocation payment shall be increased by an amount equal to twice the average annual net earnings of the business or \$5,000, whichever is the lesser. No payment shall be made under this subsection unless the head of such agency is satisfied that the business (1) cannot be relocated without a substantial loss of its existing patronage, and (2) is not part of a commercial enterprise having at least one other establishment, not being acquired by the United States, which is engaged in the same or similar business. For purposes of this subsection, the term "average annual net earnings" means one-half of any net earnings of the business, before Federal, State, and local income taxes, during the two taxable years immediately preceding the taxable year in which such business moves from the real property acquired by the United States and includes any compensation paid by the business to the owner, his spouse, or his dependent children during such two-year period. Such earnings and compensation shall be established by Federal income tax returns filed by such business and its owner and his spouse and dependent children for such two taxable years.

(d) If any displaced person who moves from a dwelling elects to accept the payments authorized by this subsection in lieu of the payments authorized by subsection (a) of this section for moving from such dwelling, the head of such Federal agency shall make the following fixed relocation payments to such person:

(1) A moving expense allowance, determined according to a schedule established by the head of such agency, not to exceed \$200;

(2) A dislocation allowance equal to the amount paid under paragraph (1) of this subsection or \$100, whichever is the lesser;

(3) An additional payment of \$300 if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement except that such displaced person shall be eligible for payment under this subsection only when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or other type of long-term lease equivalent to fee ownership; and

(e) If any displaced person who moves or discontinues a farm operation elects to accept the payment authorized by this subsection in lieu of the payment authorized for such farm operation by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in the amount of \$1,000. In the case where the entire farm operation is not acquired by such Federal agency, the payment authorized by this subsection shall be made only if the head of

such agency determines that the remainder property is no longer an economic unit.

(f)(1) In addition to any amount under subsections (a), (b), (c), (d), and (e) of this section, the head of such Federal agency may pay to or on behalf of any displaced family, displaced elderly individual, or displaced handicapped individual, monthly payments over a period not to exceed twenty-four months in an amount not to exceed \$500 in the first twelve months and \$500 in the second twelve months to assist such displaced family or individual to secure a decent, safe, and sanitary dwelling. Subject to the limitation imposed by the preceding sentence, the additional payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average annual rental required for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family in areas not generally less desirable in regard to public utilities and public and commercial facilities: *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Secretary of Housing and Urban Development to have the same general purposes as the Federal program under such Act, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965.

(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the amount of assistance according to family size, family or individual income, average rents required, or similar considerations for all agencies making such payments.

(3) The additional payments under this subsection may be paid on a lump sum or other than monthly basis in cases in which the small size of the payments that would otherwise be required do not warrant a number of separate payments or in which other than monthly payments are determined warranted by the head of the Federal agency.

(4) No payment received under this subsection shall be considered as income for the purpose of determining the eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other Federal Act.

(g)(1) In addition to amounts otherwise authorized, the head of such Federal agency shall make a payment to the owner of real property which is acquired for the project and which is improved by a single- or two-family dwelling occupied by the owner for a period of not less than one year prior to the initiation of negotiations for the acquisition of such property. Such payment, not to exceed \$5,000, shall be an amount which, when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced owner, reasonably accessible to public services and places of employment and available on the private market: *Provided*, That such payment shall be made only to a displaced owner who purchases and occupies a dwelling within one year subsequent to the date on which he is required to move from the dwelling acquired for the project.

(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the prices prevailing in the locality for dwellings meeting the requirements of paragraph (1) above for all agencies making such payments.

RELOCATION ASSISTANCE PROGRAMS

SEC. 703. (a) If the head of any Federal agency acquires real property for public use in a State, he shall provide a relocation as-

sistance program for displaced persons which shall offer the services described in subsection (c) of this section. If the head of such agency determines that other persons, occupying property immediately adjacent to the real property acquired, are caused substantial economic injury because of the public improvement for which such property is acquired, he may offer such persons relocation services under such program.

(b) Federal agencies administering programs which may be of assistance to displaced persons covered by this Act shall cooperate to the maximum extent feasible with the Federal or State agency causing the displacement to assure that such displaced persons receive the maximum assistance available to them.

(c) Each relocation assistance program required by subsection (a) of this section shall include, to the maximum extent practicable, such measures, facilities, or services as may be necessary or appropriate in order (1) to determine the needs of displaced families, individuals, business concerns, and farm operators for relocation assistance; (2) to assure that within a reasonable period of time prior to displacement, there will be available, in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of, and available to, such displaced families and individuals and reasonably accessible to their places of employment, except that the President may prescribe by regulation situations when such assurances may be waived; (3) to assist owners of displaced businesses and displaced farm operators in obtaining and becoming established in suitable business locations or replacement farms; (4) to supply information concerning the Federal Housing Administration home acquisition program under section 221(d)(2) of the National Housing Act, the small business disaster loan program under section 7(b)(3) of the Small Business Act, and other programs offering assistance to displaced persons; (5) to assist in minimizing hardships to displaced persons in adjusting to relocation; and (6) to assure, to the greatest extent practicable, the coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community or nearby areas which may affect the carrying out of the relocation program.

(d) Paragraph (3) of section 7(b) of the Small Business Act is amended to read as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in continuing in business at its existing location, in reestablishing its business, in purchasing a business or in establishing a new business, if the Administration determines that such concern has suffered substantial economic injury as the result of its displacement by, or location in, adjacent to, or near, a federally aided urban renewal project or highway construction program or any other public improvement program conducted by or with funds provided in whole or in part by the Federal Government or by the States; and the purpose of a loan made pursuant to such project or program may, in the discretion of the Administration, include the purchase or construction of other premises whether or not the borrower owned the premises occupied by the business and,".

STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

SEC. 704. Whenever real property is acquired by a State agency for a Federal public improvement project, such acquisition shall,

for purposes of this Act, be deemed an acquisition by the Federal agency having authority over such project and such Federal agency shall make relocation payments, provide relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency.

AUTHORITY OF THE PRESIDENT

SEC. 705. (a) To carry into effect the provisions of this title, the President is authorized to make such rules and regulations as he may determine to be necessary to assure—

(1) that relocation payments authorized by section 702 shall be fair and reasonable and as uniform as practicable;

(2) that a displaced person who makes proper application for a relocation payment authorized for such person by section 702(a) shall be reimbursed for or paid—

(A) his actual and reasonable expenses in moving himself, his family, his business, farm operation, or other personal property, and for his actual and reasonable expenses in searching for a replacement property;

(B) if he disposes of personal property on moving his business or farm operation and replaces such property at the new location at a price exceeding the sale price, the amount of the difference of such prices not to exceed, however, the estimated cost of moving the property or its market value, whichever is less; and

(C) such other expenses authorized by section 702(a) as may be provided for in regulations issued under this section;

(3) that a displaced person who makes proper application for a relocation payment authorized for such person by this title shall be paid promptly after a move or, in certain hardship cases, the President may, by regulation, authorize advance payment of certain relocation costs;

(4) that any person aggrieved by a determination as to eligibility for a relocation payment authorized by this title, or the amount of a payment, may have his application reviewed by the head of the agency; and

(5) that a displaced person shall have a reasonable time in which to apply for a relocation payment authorized by this title.

(b) The President may, by regulation, establish a limitation on the amount of a relocation payment authorized by section 702 (a) with due consideration for the declaration of policy in this title and the provisions of subsection (a) of this section and section 707(b).

(c) In order to prevent unnecessary expense and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, the President is authorized to require that any Federal agency make relocation payments or provide relocation services, or otherwise carry out its functions under this title, by utilizing the facilities, personnel, and services of any other Federal agency, or by entering into appropriate contracts or agreements with any State agency having an established organization for conducting relocation assistance programs.

(d) The President may make such other rules and regulations consistent with the provisions of this title as he deems necessary or appropriate to carry out this title.

FUND AVAILABILITY

SEC. 706. Funds appropriated or otherwise available to any Federal agency for the acquisition of real property or any interest therein shall be available also for obligation and expenditure to carry out the provisions of this title.

PART B.—FEDERALLY ASSISTED PROGRAMS RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF AVAILABILITY OF HOUSING

SEC. 707. (a) Notwithstanding any other provision of law, on and after the effective date of this Act, no grant to, or contract or

agreement with a State agency, under which Federal financial assistance will be available to pay the cost in connection with the acquisition of real property or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement with the head of such Federal agency to provide to displaced persons for moves from such real property—

(1) fair and reasonable relocation payments as described in section 702(a) of this title and in accordance with regulations established by the President under section 705 of this title;

(2) fixed relocation payments in the same amounts and under the same terms and conditions as are required to be made by a Federal agency by subsections 702 (c), (d), (e), and (f) of this title;

(3) relocation assistance programs offering the services described in section 703(c) of this title;

(4) a feasible method for the temporary relocation of families and individuals displaced from the property acquired, and assurance that within a reasonable period of time prior to displacement, there will be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and individuals and reasonably accessible to their places of employment; and

(5) a payment for owner-occupants under the same terms and conditions as are required to be made by Federal agencies by subsection 702(g) of this Act; *Provided*, That no such payment shall be required or included as a project cost under subsection 707(c) if the owner-occupant receives a payment required by the State law of eminent domain which is determined by the head of the Federal agency to have substantially the same purpose and effect as subsection 702(g) and to be part of the cost of the project for which Federal financial assistance is available.

(b) As a condition to further assistance to a State agency for the acquisition of real property or of a public improvement for which real property is to be acquired or as a result of which displacement will otherwise occur, the head of the Federal agency shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the State agency that decent, safe, and sanitary dwelling as required by subsection 707(a)(4) are available for the relocation of each such individual or family.

(c) The cost to a State agency of providing the payments and services described in subsection (a) of this section may be included as part of the cost of the project for which Federal financial assistance is available to such State agency, and such State agency shall be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other project costs: *Provided*, That, notwithstanding any other law, the Federal agency providing such assistance shall contribute the first \$25,000 of the cost of providing such payments to any person displaced prior to July 1, 1971: *And provided further*, That no State agency need agree to make any relocation payment in excess of \$25,000 to any displaced person in order to receive the assistance authorized by the subsection.

(d) In order to prevent unnecessary expenses and duplication of functions, and to promote uniform and effective admini-

stration of relocation assistance programs for displaced persons, any agreement by a State agency under subsection (a) of this section shall provide that such agency may make relocation payments or provide relocation assistance or otherwise carry out its functions under this title by utilizing the facilities, personnel, and services of any other State agency having an established organization for conducting relocation assistance programs.

(e) Any grant to, or contract or agreement with a State agency executed before the effective date of this Act, under which Federal financial assistance is available to pay the cost in connection with the acquisition of real property, or of the improvement for which such property is acquired, may be amended to include an agreement as described in subsection (a) of this section.

(f) If the head of a Federal agency determines that it is necessary for the expeditious completion of a public improvement for which a State agency has entered into agreement, as described in subsection (a) of this section, to make relocation payments to displaced persons, or to provide the funds necessary to meet the requirements of section 805(b)(1) of this Act, he may advance the Federal share of such relocation payments and an amount necessary to make the required payments under section 805(b)(1) to such State agency. Upon determination by the head of such Federal agency that any part of the funds advanced to a State agency under this subsection are no longer required, the amount which he determines not to be required shall be repaid upon demand. Any sum advanced and not repaid on demand shall be deducted from sums otherwise available to such State agency from Federal sources.

DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSISTANCE UNDER TITLE I OF THE HOUSING ACT OF 1949 AS AMENDED

SEC. 708. A person who moves or discontinues his business, or moves other personal property, or moves from his dwelling on or after the effective date of this Act, as a direct result of any project or program which receives Federal financial assistance under title I of the Housing Act of 1949, as amended, shall, for the purposes of this title, be deemed to be a displaced person.

SEVERABILITY

SEC. 709. If any provision of this title, or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of the provision to other persons or circumstances shall not be affected thereby.

ACTS REPEALED

SEC. 710. (a) The following laws and parts of laws are hereby repealed:

(1) The Act entitled "An Act to authorize the Secretary of the Interior to reimburse owners of lands required for development under his jurisdiction for their moving expenses, and for other purposes," approved May 29, 1958 (43 U.S.C. 1231-1234).

(2) Paragraph 14 of section 203(b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

(3) Section 2680 of title 10, United States Code.

(4) Section 133 of title 23, United States Code.

(5) Section 7(b) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1606(b)).

(6) Section 105(c) of the Housing Act of 1949 (42 U.S.C. 1455(c)).

(7) Section 114 of the Housing Act of 1949 (42 U.S.C. 1465).

(8) Paragraph (8) of section 15 of the United States Housing Act of 1937 (42 U.S.C. 1415(8)), except the first sentence of such paragraph.

(9) Section 404 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3074).

(10) Section 107 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3307).

(b) Any rights or liabilities now existing under prior Acts or portions thereof shall not be affected by the repeal of such prior Acts or portions thereof under subsection (a) of this section.

TITLE VIII—UNIFORM LAND ACQUISITION POLICY

PART A.—FEDERAL PROGRAMS

UNIFORM POLICY ON LAND ACQUISITION PRACTICES

SEC. 801. (a) In order to encourage the acquisition of real property by amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal programs, and to promote public confidence in Federal land acquisition practices, heads of Federal agencies shall be governed by the following policies:

(1) The head of a Federal agency shall conduct transactions for the acquisition of real property in such a manner as to assure to the extent possible that persons whose property is acquired shall not be worse off economically than they were before the property was acquired.

(2) The head of a Federal agency shall make every reasonable effort to acquire real property by negotiated purchase.

(3) Real property shall be appraised before the initiation of negotiations, and the owner or his designated representative shall be given an opportunity to accompany the appraiser during his inspection of the property.

(4) Before the initiation of negotiations for property, the head of the Federal agency concerned shall establish a price which he determines to be a fair and reasonable consideration therefor, such price not to be less than the appraised value of the property as approved by such agency head, and shall make a prompt offer to acquire the property for the full amount so established.

(5) No owner shall be required to surrender possession of real property before the head of the Federal agency concerned pays the agreed purchase price, or deposits with the court in accordance with section 1 of the Act of February 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), for the benefit of the owner an amount not less than the appraised fair value of such property as determined by such agency head, or the amount of the award of compensation in the condemnation proceeding for such property.

(6) The construction or development of public improvements shall be so scheduled that, to the greatest extent practicable, no person lawfully occupying real property will be required to move from a dwelling, or to move his business or farm operation without at least ninety days' written notice from the head of the Federal agency concerned, of the date by which such move is required.

(7) If the head of the Federal agency concerned does not require a building, structure, or other improvement acquired as a part of the real property, he shall where practicable offer to permit its owner to remove it. As a condition of removal, an appropriate agreement shall be required whereby the fair value of such building, structure, or improvement for removal from the real property, as determined by such agency head, will be deducted from the compensation otherwise to be paid for the real property, however such compensation may be determined.

(8) If the head of a Federal agency permits an owner or tenant to occupy the real property acquired on a rental basis for a short term or for a period subject to termination by the Government on short notice, the amount of rent required shall not exceed the fair rental value of the property to a short-term occupier.

(9) In no event shall the head of a Federal agency either advance the time of condemnation, or defer the condemnation and the deposit of funds in court for the use of the owner, in order to compel an agreement on the price to be paid for the property. If an agency head cannot reach an agreement with the owner, after negotiations have continued for a reasonable time, he shall promptly institute condemnation proceedings and, at the same time or as soon thereafter as practicable, file a declaration of taking and deposit funds with the court in accordance with the Act of February 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), if possession is required prior to the entry of the judgment in the condemnation proceeding.

(10) If an interest in real property is to be acquired by exercise of the power of eminent domain, the head of the Federal agency concerned shall, except as to property to be acquired under section 25 of the Tennessee Valley Authority Act of 1933 (48 Stat. 70, as amended; 16 U.S.C. 831x), request the Attorney General to institute formal condemnation proceedings. No Federal agency head shall intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of his property.

(11) If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the head of the Federal agency concerned shall offer to acquire the entire property.

(12) In determining the boundaries of a proposed public improvement, the head of the Federal agency concerned should take into account human considerations, including the economic and social effects of such determination on the owners and tenants of real property in the area, in addition to engineering and other factors.

(b) The provisions of this section shall not affect the validity of any property acquisitions by purchase or condemnation.

BUILDINGS, STRUCTURES, AND IMPROVEMENTS

SEC. 802. (a) Notwithstanding any other provisions of law, if the head of a Federal agency acquires land or any interest in land for public use in a State, he shall acquire a like interest, or greater interest, in all buildings, structures, or other improvements comprising part of the real property so acquired which are required to be removed from the land or which, in the opinion of such agency head, will be adversely affected by such public use, if such improvements are not required to be removed.

(b) As used in this section, the term "real property" means land, or any interest in land and (1) any building, structure, or other improvement imbedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential and integral part thereof; (2) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (3) any article so designed, constructed, or specially adapted for the purpose for which such real property is used that (A) it is an essential accessory or part of such real property, (B) it is not capable of use elsewhere, and (C) it would lose substantially all its value if removed from the real property.

(c) For the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the im-

provement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property: *Provided*, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer and release to the United States all his right, title, and interest in and to such improvements: *Provided further*, That no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law.

EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED STATES

SEC. 803. The head of a Federal agency, as soon as practical after the date of payment of the purchase price or the date of deposits of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(1) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(2) penalty costs for prepayment of mortgage incident to such real property, provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the authorized Federal agency; and

(3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

PART B.—FEDERALLY ASSISTED PROGRAMS REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREEMENTS FOR FEDERAL FINANCIAL ASSISTANCE

SEC. 804. (a) Notwithstanding any other provision of law, on and after the date of enactment of this Act no grant to or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement which shall provide—

(1) that every reasonable effort shall be made to acquire the real property by negotiated purchase;

(2) that the construction or development of the public improvement shall be so scheduled that, to the greatest extent practicable, no person will be required to move from a home, farm, or business location without at least ninety days' written notice from such State agency of the date by which the move is required; and

(3) that it shall be the policy of the head of the State agency, before initiating negotiations for real property, to establish a price which he believes to be a fair and reasonable consideration therefor, such price not to be less than the appraised value of the property as approved by such State agency head, and to make a prompt offer to acquire the property for the full amount so established.

(b) Notwithstanding any other provision of law, on and after July 1, 1971, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property, or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency re-

sponsible for the administration of such Federal financial assistance, unless such State agency has entered into the agreements described in subsection (a) of this section and has agreed—

(1) that no owner will be required to surrender possession of real property before the head of the State agency (A) pays the agreed purchase price, (B) makes available to the owner, by court deposit or otherwise, an amount not less than the appraised fair value of such property, as approved by such State agency head, without prejudice to the right of the owner to contest the amount of compensation due for the property, or (C) deposits or pays the final award of compensation in the condemnation proceeding for such property;

(2) that the head of the State agency, not later than the date of payment of the purchase price or the date of deposit of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(A) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(B) penalty costs for prepayment of mortgage incident to such real property, provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the State agency; and

(C) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

(3) that any decrease in the value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for the proposed public improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property; and

(4) that for the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the State agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property: *Provided*, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer, and release to the State agency all his right, title, and interest in and to such improvements: *Provided further*, That no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law.

PROVISIONS REPEALED

SEC. 805. Effective on July 1, 1971, sections 401, 402, and 403 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3071-3073) are hereby repealed.

TITLE IX—JUDICIAL REVIEW

SEC. 901. The provisions of sections 551-559 and 701-706 of title V, United States Code, shall apply to an action of a Federal agency under title VII and title VIII. For purposes of this title, the definition of "person" contained in section 551(2) of title V, United States Code, shall be deemed to include a State as defined in this Act.

SEC. 902. Any person or State adversely affected or aggrieved by a final action of a Federal agency under title VII or title VIII of this Act may institute, in the district court in the United States or the judicial district in which such person resides or such State is located, or in which the claim of such person or State first arose, an action seeking review of such final action of the Federal agency and demanding appropriate relief therefrom.

The amendment was agreed to.

Mr. MUSKIE. Mr. President, the bill we have before us, S. 698, the Intergovernmental Cooperation Act of 1967, is designed to improve working relationships among Federal, State, and local governments so that they can deal more effectively with the increasing difficulty problems of our society. The bill is bipartisan in sponsorship and intergovernmental in its origin and development.

The increasing population of the country and the concentration of that growth in urban areas, the advance of technology and the accumulation of unsolved human problems all make extraordinary demands on government. These demands cannot be met unless the instruments of government at the Federal, State, and local levels work together more effectively than they ever have before. The purpose of this legislation is to help achieve such cooperation.

S. 698 was introduced on January 26, 1967. Joining me in sponsorship of the bill are 31 other Senators, including the senior Senator from South Dakota [Mr. MUNDT], who is ranking minority member on the Committee on Government Operations and on the Subcommittee on Intergovernmental Relations. The Committee on Government Operations and the Senate had considered many of the provisions of S. 698 earlier, in substantially their present form, in S. 561, the Intergovernmental Cooperation Act of 1965 and S. 1681, the Uniform Relocation Act of 1966, both of which were unanimously passed by the Senate in the 89th Congress. Neither of those bills was acted upon by the House. We combined those bills with improvements and additions, in the present legislation.

In its consideration of S. 698, the Subcommittee on Intergovernmental Relations had the benefit of 9 days of hearings during which it received the testimony of more than 50 witnesses. The basic objectives of the bill were strongly supported by all witnesses. A number of suggestions for modification of specific provisions were offered. These were all considered most carefully and a number of them were adopted. Because of the number of changes in language, although many involved minor substantive modifications, the committee has reported an amendment in the nature of a substitute.

The bill, as amended, contains nine titles, one setting forth necessary definitions, and each of the others dealing with

an area of intergovernmental relations in which serious problems have emerged over the years. I shall summarize each of these titles.

Title II of the bill requires that a Federal agency shall, upon request, furnish the Governor of a State or a State legislature with information on the purpose and amounts of grants-in-aid made to that State or to its political subdivisions. It also liberalizes Federal requirements regarding the transfer to the States of grant-in-aid funds and their deposit, while retaining full State accountability to the appropriate Federal agency. It permits the waiver under certain conditions of the "single State agency" requirement, giving the States greater flexibility of organization.

Title III permits Federal departments and agencies to provide specialized and technical services to State and local units of government on a reimbursable basis. Such services are to be provided only under rules and regulations consistent with and in furtherance of the policy of relying on the private enterprise system for those services which are reasonably available through ordinary business channels.

Title IV provides that the President shall issue regulations requiring Federal development assistance programs to be carried out in such a way as to promote the sound and orderly development of both urban and rural areas in keeping with objectives set forth in the bill. This title also provides that Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make loans or grants-in-aid to units of general local government rather than to special purpose units of local government.

Title V provides for periodic congressional review of future Federal grant-in-aid programs in order that such programs may be revised or redirected as necessary to meet new conditions, and terminated when they have substantially achieved their purposes.

Title VI amends the Federal Property and Administrative Services Act to prescribe uniform policies and procedures to govern the General Services Administration in acquisition, use, and disposition of land within urban areas. It is the purpose of this title to assure that such land transactions shall, to the greatest practicable extent, be consistent with zoning and land use practices of local governments and shall accord with local planning and development objectives.

Title VII establishes a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs so that as far as practical such persons shall be left not worse off economically than they were before being displaced. The provisions of this title, which are based on the experience of existing Federal programs authorized to provide relocation assistance to displaced persons, are made uniformly applicable to all Federal or federally assisted programs which result in displacements. The title provides for relocation payments, advisory assistance, assurance of the

availability of relocation housing, and Federal participation in the cost of relocation payments. Continuance of Federal assistance for State and local projects is conditioned upon compliance with these requirements.

Title VIII establishes for Federal agencies and State or local agencies receiving Federal assistance policies designed to encourage the acquisition of real property by amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal and federally assisted programs, and to promote public confidence in Federal land-acquisition practices. The ultimate objective of the prescribed policies is to assure to the extent possible that persons whose property is acquired shall not be worse off economically than they were before their property was acquired.

Title IX makes actions by a Federal agency under title VII, having to do with relocation assistance, and title VIII, having to do with land acquisition practices, subject to the Administrative Procedure Act, and provides for judicial review of a final action of a Federal agency under these titles.

These are the basic provisions of S. 698, as reported. They are the result of studies conducted by the Subcommittee on Intergovernmental Relations since its establishment in 1962. In large measure, they are based on recommendations made by the Advisory Commission on Intergovernmental Relations, the National Governors' Conference, the Council of State Governments, the National Association of State Budget Officers, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors, many other organizations and highly qualified specialists in government.

This is urgently needed legislation. It represents a broad area of agreement among the groups and individuals most highly qualified in the field of intergovernmental relations. It is wholly constructive in character. It has a broad base of support. It has the unanimous approval of the Committee on Government Operations and I urge its prompt and favorable consideration by the Senate.

Mr. President, the pending bill has had thoughtful consideration by all Senators on both sides of the aisle and in the subcommittee.

I am especially grateful to the distinguished Senator from South Dakota for his most helpful and constructive assistance in working out the bill.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. MUNDT. Mr. President, I say to the Senators on my side of the aisle that this matter has been brought up unanimously. It has indeed, as the distinguished Senator from Maine has said, been hammered out in many hours of deliberations, compromise, and modification until it has resulted in a meeting of the minds on both sides of the aisle. It was unanimously reported.

I certainly support the distinguished Senator from Maine in his desire to have the measure passed today in the hope

that this time the House will find time to act upon the measure before adjournment.

Mr. MUSKIE. Mr. President, I thank the Senator very much for his assistance.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes."

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, for the information of the Senate, it is anticipated that for at least 2 hours on tomorrow morning, beginning at 10 o'clock, the Senate will devote itself to eulogies in remembrance of our late beloved colleague, the late Senator Robert F. Kennedy, of New York.

STATUS OF FLOOD CONTROL LEGISLATION

Mr. SPARKMAN. Mr. President, I call attention to the very first bill listed on the calendar under "Bills in Conference." It indicates that it has been there a long time. It relates to the flood insurance bill. I should like to say that that bill was incorporated in its entirety in the Housing and Urban Development Act of 1968 which has already been passed by both Houses of Congress and sent to the President.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 15387) to amend title 39, United States Code, to provide for disciplinary action against employees in the postal field service who assault other employees in such service in the performance of official duties, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DULSKI, Mr. HENDERSON, Mr. OLSEN, Mr. CORBETT, and Mr. GROSS were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 16361) to provide additional revenue for the District of Columbia, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon and that Mr. McMILLAN, Mr. WHITENER, Mr. DOWDY, Mr. FUQUA, Mr. NELSEN, Mr. BROYHILL of Virginia, and Mr. HARSHA were appointed manager on the part of the House at the conference.

SBA ASSURANCE OF FINANCIAL ASSISTANCE FOR SMALL POULTRY PROCESSORS

Mr. SPARKMAN. Mr. President, S. 2932, the Wholesome Poultry Products Act, which was passed by the Senate today, will insure a more adequate, safer, and more sanitary program of poultry inspection throughout the United States.

Certainly the American family is entitled to enjoy no less than clean, wholesome poultry. This bill, by requiring all poultry processors to maintain certain sanitary standards within their processing plants, will make a significant contribution toward this objective.

Mr. President, while I supported this measure, I was at the same time concerned for the many, many small poultry processors throughout the country who must somehow finance the plant changes necessary to meet the new sanitary requirements imposed by this act.

As a matter of fact, in my State of Alabama, poultry ranks as perhaps the top agricultural enterprise. Alabama ranks third in the Nation in the production of broilers. So it was obvious, in studying this bill, that I had two definite commitments to satisfy; one to the American housewife and the other to the American small businessman, in this instance, the small poultry processor. I immediately got in touch with the Administrator of the SBA to ascertain whether SBA's existing programs were adequate to assist these poultry processors in effecting compliance with the poultry inspection legislation.

Mr. Robert C. Moot, the Administrator of SBA, assured me in a letter dated March 8, 1968, that no additional legislation was necessary and that SBA's current lending programs were entirely adequate to meet the needs of any eligible small processor affected by the act. Subsequently, Mr. Moot forwarded me a copy of his letter to Senator ALLEN J. ELLENDER, chairman of the Senate Committee on Agriculture and Forestry, in which he restated this same position in regard to small meatpackers.

Mr. President, I ask unanimous consent that these letters be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SPARKMAN. Mr. President, I feel that they carry the assurance that any increased financial burdens of the small poultry processor will not go unnoticed by the Federal Government as this industry gears up to meet the new

standards imposed by the Wholesome Poultry Products Act.

Mr. President, I believe this bill will give the housewife some long overdue peace of mind and I believe the SBA's assurance will give the small poultry processor that same peace of mind.

EXHIBIT 1

SMALL BUSINESS ADMINISTRATION,
Washington, D.C., March 8, 1968.

HON. JOHN SPARKMAN,
Chairman, Committee on Banking and Currency, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of March 1, 1968, concerning financial assistance for the poultry processing industry.

We believe that our regular business loan program can satisfactorily serve the small poultry processors who may be faced with plant improvements. This assumes, of course, that the applicant is an eligible small business concern and can meet our normal credit requirements, including repayment of the loan from business operations.

We also wish to point out that if a particular case requires construction of new facilities our recent legislation change of 15 years for real estate loans would be applicable as opposed to our normal maximum term of 10 years.

Your interest in this matter is deeply appreciated and if we can be of further service, please let us know.

Sincerely yours,

ROBERT C. MOOT,
Administrator.

SMALL BUSINESS ADMINISTRATION,
Washington, D.C., June 18, 1968.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of May 28, requesting the comments of the Small Business Administration on S. Res. 290.

In substance, S. Res. 290 calls upon SBA; (1) to undertake a study to determine the extent to which financial assistance under statutes administered by it is available to small business concerns in effecting compliance with the requirements of the Wholesome Meat Act, signed into law last year; and (2) to report to the Senate the results of the study, together with such legislative recommendations as may be considered necessary.

The business loan program, embodied in section 7(a) of the Small Business Act, is available for this purpose. Over the years many such loans have been made by SBA to assist in financing the renovation of packing plants, and similar operations, to meet requirements established by the Federal Government or by State or local governments. The maximum term is 10 years for the machinery and equipment portion of the loan; but, under an amendment recently enacted by the Congress, as much as 15 years may be allowed for that portion relating to construction work.

I am sure that the business loan program can be used to good effect to assist small firms in meeting the requirements of the Wholesome Meat Act. In my judgment, there is no need for additional legislation.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely yours,

ROBERT C. MOOT,
Administrator.

FOREIGN ASSISTANCE ACT OF 1968

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate

House

July 31, 1968

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7. FOOD. A subcommittee of the D. C. Committee approved for full committee action S. 2012, to authorize appropriations to pay salaries and related costs of operating the Office of Central Management of the Food Services Department in the D. C. public schools; and to provide for appropriations to pay for lunches furnished to all needy elementary and secondary public school children whose parents are not recipients of public welfare. p. D768
8. INTERGOVERNMENTAL COOPERATION. The Government Operations Committee ordered reported (but did not actually report) H. R. 18826, the intergovernmental cooperation bill. p. D768
9. GRAIN INSPECTION. Received the conference report on H. R. 15794, to revise the Grain Standards Act (H. Rept. 1827) (p. H7955). The conference report adopts all of the Senate amendments to the House bill, mostly of a "technical" nature, with the exception of the Senate amendment which "would have permitted the Secretary of Agriculture to withdraw inspection service for commission of repeated or flagrant violations of section 13 of the act." The Senate conferees agreed to the House language which would have permitted "such withdrawal for conviction of any violation of section 13...with the understanding that the statement of the managers on the part of the House would make it clear that withdrawal of service could follow upon conviction without awaiting the conclusion of appeals from such conviction, and could be effective so long as the conviction stood."
10. DAIRY INDEMNITY. Received the conference report on S. 3638, to extend for 3 years the authority of the Secretary of Agriculture to make indemnity payments to dairy farmers for milk required to be withheld from commercial markets because it contains residues of chemicals registered and approved for use by the Federal Government (H. Rept. 1828). p. H7935
11. BUILDING SAFETY. The Education and Labor Committee reported with amendment H. R. 2567, to promote health and safety in the building trades and construction industry in all Federal and federally financed or federally assisted construction projects (H. Rept. 1824). p. H7969
12. TARIFF. The Ways and Means Committee reported with amendment H. R. 15003, to amend the U. S. Tariff Schedules so as to prevent the payment of multiple customs duties by U. S. owners of racehorses purchased outside of the U. S. (H. Rept. 1825), and with amendment H. R. 16552, to amend the U. S. Tariff Schedules with respect to the tariff classification of invert or highest molasses (H. Rept. 1831). p. H7969
13. PERSONNEL CEILINGS. The Ways and Means Committee reported without amendment H. R. 18985, to amend the Revenue and Expenditure Control Act of 1968, to provide a pool of 14,000 additional appointments which may be made without regard to the employee ceilings of that Act (H. Rept. 1832). p. H7969
14. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee approved for full committee action H. R. 12881, to authorize the payment of

allowances to defray commuting expenses of civilian employees of executive agencies assigned to duty at a remote worksite, and H. R. 17954, to correct certain inequities and relieve certain liabilities arising out of overpayments of compensation to Government employees as a result of administrative error in the application of certain provisions of the Classification Act, the Federal Employees Salary Act of 1964, and other provisions of law. p. D769

15. APPROPRIATIONS. Received the conference report on H. R. 17522, the Depts. of State, Justice, and Commerce, the Judiciary, and related agencies appropriation bill (H. Rept. 1830). pp. H7935-7

Received the conference report on H. R. 18188, Transportation Dept. appropriation bill (H. Rept. 1833). The conferees recommended the restoration of the Senate amendment to strike the obligation limitation of \$26,000,000 on forest highways in section 204 of the House bill, with an amendment that "none of the funds provided under this Act shall be available for the planning or execution of programs the obligations for which are in excess of \$29,000,000, exclusive of the reimbursable program, in fiscal year 1969 for 'Forest Highways'." pp. H7939-40

16. COTTON; LANDS. Received the conference report on H. R. 10864, to authorize the Secretary of Agriculture to convey certain lands in Saline County, Ark., to the Dierks Forests, Inc., which includes a Senate committee amendment to provide a one-price program for extra-long-staple cotton (H. Rept. 1826). pp. H7933-5

17. RECREATION; POWER; PARKS. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 18333, to study the feasibility of establishing an Upper Mississippi Valley National Recreation Area; S. 224, to make nonreimbursable the cost of the work which was necessary to rehabilitate the Eklutna Federal hydroelectric power project in Alaska because of damage caused by the Earthquake of 1964; and H. J. Res. 1384, relating to the administration of the national park system. p. D768

18. LEGISLATIVE PROGRAM. Rep. Albert announced that on Thurs., Aug. 2, Rep. Mills may seek to bring up under unanimous-consent request H. R. 18985, to amend the Revenue Expenditure and Control Act of 1968 to provide approval of 14,000 additional appointments (p. H7947); and the "Daily Digest" states that H. R. 15757, the health-manpower bill, H. R. 18209, to amend the Consolidated Farmers Home Administration Act to provide loans to supplement farm income, etc., and H. R. 11618, to prevent the importation of endangered species of fish or wildlife, will be considered (p. D768).

19. FOOD STAMP. Rep. Eckhardt opposed the Teague amendment to the food stamp bill to prevent distribution of food stamps to unionists on strike and students. p. H7895

20. HUNGER. Rep. Gonzalez criticized the CBS television broadcast "Hunger in America" as "far from responsible and far from accurate." pp. H7951-5

90TH CONGRESS
2D SESSION

S. 698

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1968

Referred to the Committee on Government Operations

AN ACT

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 That this Act be cited as the “Intergovernmental Cooperation
2 Act of 1968.”

3 TITLE I—DEFINITIONS

4 When used in this Act—

5 FEDERAL AGENCY

6 SEC. 101. The term “Federal agency” means any de-
7 partment, agency, or instrumentality in the executive branch
8 of the Government and any wholly owned Government cor-
9 poration, and for the purposes of title VIII, the Architect of
10 the Capitol.

11 STATE

12 SEC. 102. The term “State” means any of the several
13 States of the United States, the District of Columbia, Puerto
14 Rico, any territory or possession of the United States, or any
15 agency or instrumentality of a State, but does not include the
16 governments of the political subdivisions of the State. For the
17 purposes of titles VII, VIII, and title IX the term “State”
18 does include such political subdivisions.

19 POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

20 SEC. 103. The term “political subdivision” or “local
21 government” means a local unit of government, including
22 specifically a county, municipality, city, town, township, or
23 a school or other special district created by or pursuant to
24 State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or

1 political subdivisions, or the amounts to be allotted for use
2 in each of the States by the States, political subdivisions, or
3 other beneficiaries. The term does not include (1) shared
4 revenues; (2) payments of taxes; (3) payments in lieu of
5 taxes; (4) loans or repayable advances; (5) surplus prop-
6 erty or surplus agricultural commodities furnished as such;
7 (6) payments under research and development contracts or
8 grants which are awarded directly and on similar terms to
9 all qualifying organizations, whether public or private; or
10 (7) payments to States or political subdivisions as full reim-
11 bursement for the costs incurred in paying benefits or furnish-
12 ing services to persons entitled thereto under Federal laws.

13 FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE,
14 FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY
15 ASSISTED PROGRAMS

16 SEC. 107. The term "Federal assistance", "Federal fi-
17 nancial assistance", "Federal assistance programs", or "fed-
18 erally assisted programs", means programs that provide
19 assistance through grant or contractual arrangements, and
20 includes technical assistance programs or programs providing
21 assistance in the form of loans, loan guarantees, or insurance.
22 The term does not include any annual payment by the United
23 States to the District of Columbia authorized by article VI of
24 the District of Columbia Revenue Act of 1947 (D.C. Code
25 secs. 47-2501a and 47-2501b).

1 SPECIALIZED OR TECHNICAL SERVICES

2 SEC. 108. "Specialized or technical services" means
3 special statistical and other studies and compilations, develop-
4 ment projects, technical tests and evaluations, technical in-
5 formation, training activities, surveys, reports, documents,
6 and any other similar service functions which the Secretary
7 of any department or the administrative head of any agency
8 of the executive branch of the Federal Government is au-
9 thorized by law to perform.

10 COMPREHENSIVE PLANNING

11 SEC. 109. "Comprehensive planning" includes the fol-
12 lowing, to the extent directly related to area needs or needs
13 of a unit of general local government: (A) preparation, as
14 a guide for long-range development, of general physical
15 plans with respect to (i) the pattern and intensity of land
16 use, (ii) the provision of public facilities (including trans-
17 portation facilities) and other governmental services, and
18 (iii) the effective development and utilization of human and
19 natural resources; (B) long-range physical and fiscal plans
20 for such action; (C) programing of capital improvements
21 and other major expenditures, a determination of their rela-
22 tive urgency, together with definitive financing plans for such
23 expenditures in the earlier years of the program; (D) co-
24 ordination of all related plans and activities of the State and

1 local governments and agencies concerned; and (E) prepa-
2 ration of regulatory and administrative measures in support
3 of the foregoing.

4 STATE AGENCY

5 SEC. 110. For the purposes of titles VII and VIII, the
6 term "State agency" means any agency or instrumentality
7 created by a State, or by a political subdivision of a State
8 or by agreement between two or more States or by two or
9 more political subdivisions of a State or States.

10 HEAD OF AGENCY

11 SEC. 111. The term "head of a Federal agency" or
12 "head of a State agency" includes a duly designated delegate
13 of such agency head.

14 DISPLACED PERSON

15 SEC. 112. The term "displaced person" means—

16 (1) any person who is the owner of a business
17 which moves from real property or is discontinued on
18 or after the effective date of this Act as a result of the
19 acquisition or reasonable expectation of acquisition of
20 such real property, in whole or in part, by a Federal
21 or State agency;

22 (2) any person who is the farm operator of a farm
23 operation which moves from real property or is dis-
24 continued on or after the effective date of this Act as
25 a result of the acquisition or reasonable expectation of

1 acquisition of such real property, in whole or in part,
2 by a Federal or State agency;

3 (3) any individual who is the head of a family
4 which moves from real property occupied as a dwelling
5 on or after the effective date of this Act, as a result of the
6 acquisition or reasonable expectation of acquisition of
7 such real property, in whole or in part, by a Federal or
8 State agency, or which moves from such dwelling as a
9 result of the acquisition or reasonable expectation of
10 acquisition by such Federal or State agency of other
11 real property on which such family conducts a business or
12 farm operation;

13 (4) any individual, not a member of a family, who
14 moves from real property occupied as a dwelling on or
15 after the effective date of this Act, as a result of the ac-
16 quisition or reasonable expectation of acquisition of such
17 real property, in whole or in part, by a Federal or State
18 agency, or who moves from such dwelling as a result of
19 the acquisition or reasonable expectation of acquisition
20 by such Federal or State agency, of other real property
21 on which such individual conducts a business or farm
22 operation; and

23 (5) any individual, not described in paragraph
24 (1), (2), (3), or (4) of this section, who moves his

1 personal property from real property on or after the ef-
2 fective date of this Act as a result of the acquisition or
3 reasonable expectation of acquisition of such real prop-
4 erty, in whole or in part, by a Federal or State agency:
5 *Provided*, That this shall not include the owner of prop-
6 erty on the premises of another under a lease or licens-
7 ing arrangement where such owner is required pursuant
8 to such lease or license to move such property at his own
9 expense.

10 BUSINESS

11 SEC. 113. The term "business" means any lawful activity
12 conducted primarily (1) for the purchase and resale of prod-
13 ucts, commodities, or any other personal property; (2) for
14 the manufacture, processing, or marketing of any such prop-
15 erty; (3) for the cultivation, processing, or marketing of
16 timber; (4) for the sale of services to the public; or (5) by
17 a nonprofit organization. Such term does not include the
18 activity of an investor in acquiring or holding real property
19 for resale for gain.

20 FARM OPERATION

SEC. 114. The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities, other than timber for sale and home use, and customarily producing such prod-

ucts or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

FARM OPERATOR

SEC. 115. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

FAMILY

SEC. 116. The term "family" means two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

ELDERLY INDIVIDUAL

SEC. 117. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 118. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 119. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or

1 developed by or with funds provided in whole or in part by
2 the Federal Government.

3 **OWNER AND PERSON**

4 **SEC. 120.** The terms “owner” and “person” mean any
5 individual, and any partnership, corporation, or association.

6 **REAL PROPERTY**

7 **SEC. 121.** The term “real property” as used in this Act
8 shall include land, and any interest in land, including but not
9 limited to easements, rights-of-way, water rights, and mineral
10 interests.

11 **TITLE II—IMPROVED ADMINISTRATION OF**
12 **GRANTS-IN-AID TO THE STATES**

13 **FULL INFORMATION ON FUNDS RECEIVED**

14 **SEC. 201.** Any department or agency of the United
15 States Government which administers a program of grants-
16 in-aid to any of the State governments of the United States
17 or to their political subdivisions shall, upon request, notify
18 in writing the Governor or other official designated by him,
19 or the State legislature, of the purpose and amounts of
20 actual grants-in-aid to the State or to its political sub-
21 divisions.

22 **DEPOSIT OF GRANTS-IN-AID**

23 **SEC. 202.** No grant-in-aid to a State shall be required
24 by Federal law or administrative regulation to be deposited
25 in a separate bank account apart from other funds adminis-

1 tered by the State. All Federal grant-in-aid funds made
2 available to the States shall be properly accounted for as
3 Federal funds in the accounts of the State. In each case
4 the State agency concerned shall render regular authenticated
5 reports to the appropriate Federal agency covering the status
6 and the application of the funds, the liabilities and obligations
7 on hand, and such other facts as may be required by said
8 Federal agency.

9 SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

10 SEC. 203. Heads of Federal departments and agencies
11 responsible for administering grant-in-aid programs shall
12 schedule the transfer of grant-in-aid funds consistent with
13 program purposes and applicable Treasury regulations, so
14 as to minimize the time elapsing between the transfer of such
15 funds from the United States Treasury and the disbursement
16 thereof by a State, whether such disbursement occurs prior to
17 or subsequent to such transfer of funds. States shall not be
18 held accountable for interest earned on grant-in-aid funds,
19 pending their disbursement for program purposes.

20 ELIGIBLE STATE AGENCY

21 SEC. 204. Notwithstanding any other Federal law which
22 provides that a single State agency or multimember board
23 or commission must be established or designated to admin-
24 ister or supervise the administration of any grant-in-aid
25 program, the head of any Federal department or agency

1 may, upon request of the Governor or other appropriate
2 executive or legislative authority of the State responsible for
3 determining or revising the organizational structure of State
4 government, waive the single State agency or multimember
5 board or commission provision upon adequate showing that
6 such provision prevents the establishment of the most effective
7 and efficient organization arrangements within the State gov-
8 ernment and approve other State administrative structure or
9 arrangements: *Provided*, That the head of the Federal de-
10 partment or agency determines that the objectives of the Fed-
11 eral statute authorizing the grant-in-aid program will not be
12 endangered by the use of such other State structure or
13 arrangements.

14 TITLE III—PERMITTING FEDERAL DEPART-
15 MENTS AND AGENCIES TO PROVIDE
16 SPECIAL OR TECHNICAL SERVICES TO
17 STATE AND LOCAL UNITS OF GOVERNMENT

18 STATEMENT OF PURPOSE

19 SEC. 301. It is the purpose of this title to encourage inter-
20 governmental cooperation in the conduct of specialized or
21 technical services and provision of facilities essential to the
22 administration of State or local governmental activities,
23 many of which are nationwide in scope and financed in part
24 by Federal funds; to enable State or local governments to
25 avoid unnecessary duplication of special service functions;
26 and to authorize all departments and agencies of the executive

1 branch of the Federal Government which do not have such
2 authority to provide reimbursable specialized or technical
3 services to State and local governments.

4 AUTHORITY TO PROVIDE SERVICE

5 SEC. 302. The Secretary of any department or the
6 administrative head of any agency of the executive branch of
7 the Federal Government is authorized within his discretion,
8 upon written request from a State or political subdivision
9 thereof, to provide specialized or technical services, upon pay-
10 ment to the department or agency by the unit of government
11 making the request, of salaries and all computable overhead
12 and indirect costs of performing such services: *Provided,*
13 *however,* That such services shall include only those which
14 the Director of the Bureau of the Budget through rules and
15 regulations, determines may be provided by Federal depart-
16 ments and agencies. Such rules and regulations shall be con-
17 sistent with and in furtherance of the Government's policy of
18 relying on the private enterprise system to provide those serv-
19 ices which are reasonably and expeditiously available through
20 ordinary business channels.

21 REIMBURSEMENT OF APPROPRIATION

22 SEC. 303. All moneys received by any department or
23 agency of the executive branch of the Federal Government,
24 or any bureau or other administrative division thereof, in
25 payment for furnishing specialized or technical services as
26 authorized under section 302 shall be deposited to the credit

1 of the principal appropriation from which the cost of provid-
2 ing such services has been paid or is to be charged, or to the
3 appropriation currently available for the cost of similar
4 services.

5 REPORTS TO CONGRESS

6 SEC. 304. The Secretary of any department or the ad-
7 ministrative head of any agency of the executive branch of
8 the Federal Government shall furnish annually to the re-
9 spective Committees on Government Operations of the Senate
10 and House of Representatives a summary report on the scope
11 of the services provided under the administration of this title.

12 RESERVATION OF EXISTING AUTHORITY

13 SEC. 305. This title is in addition to and does not super-
14 sede any existing authority now possessed by any Federal de-
15 partment or agency with respect to furnishing services,
16 whether on a reimbursable or nonreimbursable basis, to State
17 and local units of government.

18 TITLE IV—COORDINATED INTERGOVERNMEN-
19 TAL POLICY AND ADMINISTRATION OF
20 DEVELOPMENT ASSISTANCE PROGRAMS

21 DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

22 SEC. 401. (a) The economic and social development of
23 the Nation and the achievement of satisfactory levels of living
24 depend upon the sound and orderly development of all areas,
25 both urban and rural. Moreover, in a time of rapid urbani-
26 zation, the sound and orderly development of urban commu-

1 nities depends to a large degree upon the social and economic
2 health and the sound development of smaller communities and
3 rural areas. The President shall, therefore, establish rules and
4 regulations for uniform application in the formulation, evalu-
5 ation, and review of Federal programs and projects having a
6 significant impact on area and community development,
7 including programs providing Federal assistance to the States
8 and localities, to the end that they shall most effectively serve
9 these basic objectives. Such rules and regulations shall provide
10 for full consideration of the concurrent achievement of the fol-
11 lowing specific objectives and, to the extent authorized by
12 law, reasoned choices shall be made between such objectives
13 when they conflict—

14 (1) appropriate land uses for residential, commer-
15 cial, industrial, governmental, institutional, and other
16 purposes;

17 (2) wise development and conservation of natural
18 resources, including land, water, minerals, wildlife, and
19 others;

20 (3) balanced transportation systems, including high-
21 way, air, water, pedestrian, mass transit, and other
22 modes for the movement of people and goods;

23 (4) adequate outdoor recreation and open spaces;

24 (5) protection of areas of unique natural beauty,
25 historical, and scientific interest;

1 (6) properly planned community facilities, includ-
2 ing utilities for the supply of power, water, and com-
3 munications, for the safe disposal of wastes, and for
4 other purposes;

5 (7) concern for high standards of design; and

6 (8) any other objective through which Federal or
7 federally assisted development programs or projects can
8 contribute to the balanced economic, social, and cultural
9 development of the Nation and the achievement of en-
10 hanced levels of living.

11 (b) All viewpoints—national, regional, State, and local—
12 shall, to the extent possible, be fully considered and taken
13 into account in planning Federal or federally assisted devel-
14 opment programs and projects. Regional, State, and local
15 government objectives shall be considered and evaluated
16 within a framework of national public objectives, and avail-
17 able projections of future national conditions and needs of
18 regions, States, and localities shall be considered in plan
19 formulation, evaluation, and review.

20 (c) To the maximum extent possible, consistent with na-
21 tional objectives, all Federal aid for urban development pur-
22 poses shall be consistent with and further the objectives of
23 State, regional, and local comprehensive planning. Considera-
24 tion shall be given to all developmental aspects of our total
25 national community, including but not limited to housing,

1 transportation, economic development, natural and human
2 resources development, community facilities, and the general
3 improvement of living environments.

4 (d) Each Federal department and agency administer-
5 ing a development assistance program shall, to the maximum
6 extent practicable, consult with and seek advice from all
7 other significantly affected Federal departments and agencies
8 in an effort to assure fully coordinated programs.

9 (e) Insofar as possible, systematic planning required by
10 individual Federal programs (such as highway construction,
11 urban renewal, and open space) shall be coordinated with
12 and made part of comprehensive local and areawide devel-
13 opment planning.

14 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

15 SEC. 402. Where Federal law provides that both spe-
16 cial-purpose units of local government and units of general
17 local government are eligible to receive loans or grants-in-aid,
18 heads of Federal departments and agencies shall, in the ab-
19 sence of substantial reasons to the contrary, make such loans
20 or grants-in-aid to units of general local government rather
21 than to the special-purpose units of local government.

22 RULES AND REGULATIONS

23 SEC. 403. The Bureau of the Budget or such other
24 agency as may be designated by the President is hereby

1 authorized to prescribe such rules and regulations as are
2 deemed appropriate for the effective administration of this
3 title.

4 TITLE V—CONGRESSIONAL REVIEW OF FED-
5 ERAL GRANTS-IN-AID TO STATES AND TO
6 LOCAL UNITS OF GOVERNMENT

7 STATEMENT OF PURPOSE

8 SEC. 501. It is the purpose and intent of this title to
9 establish a uniform policy and procedure whereby programs
10 for grant-in-aid assistance from the Federal Government to
11 the States or to their political subdivisions which may be
12 enacted hereafter by the Congress shall be made the subject
13 of sufficient subsequent review by the Congress to insure
14 that (1) the effectiveness of grants-in-aid of instruments of
15 Federal-State-local cooperation is improved and enhanced;
16 (2) grant programs are revised and redirected as necessary
17 to meet new conditions arising subsequent to their original
18 enactment; and (3) grant programs are terminated when
19 they have substantially achieved their purpose. It is further
20 the purpose and intent of this title to provide for continuing
21 review of existing Federal programs for grant-in-aid assist-
22 ance to the States or their political subdivisions by the Comp-
23 troller General with a view to the formulation of recom-
24 mendations to assist the Congress in making changes in
25 requirements and procedures applicable to such programs in

1 the interest of eliminating areas of conflict and duplication
2 in program operations and achieving more efficient, effective,
3 and economical administration of such programs, and greater
4 uniformity in operation thereof.

5 EXPIRATION OF GRANT-IN-AID PROGRAMS

6 SEC. 502. Where any Act of Congress enacted in the
7 Ninety-first or any subsequent Congress authorizes the mak-
8 ing of grants-in-aid to two or more States or to political
9 subdivisions of two or more States and no expiration date
10 for such authority is specified by law, and such grant is
11 not specifically exempted from the provisions of this title,
12 then the authority to make grants-in-aid by reason of such
13 Act to States, political subdivisions, and other beneficiaries
14 from funds not theretofore obligated shall expire not later
15 than June 30 of the fifth calendar year which begins after
16 the effective date of such Act.

17 COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

18 SEC. 503. Where any Act of Congress enacted in the
19 Ninety-first or any subsequent Congress authorizes the mak-
20 ing of grants-in-aid over a period of three or more years
21 to two or more States or to political subdivisions of two or
22 more States, then during the period beginning not later than
23 twelve months immediately preceding the date on which such
24 authority is to expire, the committees of the Senate and of the

1 House to which legislation extending such authority would be
2 referred shall, separately or jointly, conduct studies of the
3 program under which such grants-in-aid are made with a
4 view to ascertaining, among other matters of concern to the
5 committees, the following:

6 (1) The extent to which the purposes for which the
7 grants-in-aid are authorized have been met;

8 (2) The extent to which such programs can be car-
9 ried on without further financial assistance from the
10 United States;

11 (3) Whether or not any changes in purpose, direc-
12 tion, or administration of the original program, or in pro-
13 cedures and requirements applicable thereto, to conform
14 to recommendations by the Comptroller General under
15 section 504, should be made;

16 (4) Whether or not any changes in purpose, direc-
17 tion, or administration of the original program should
18 be made in the light of reports and recommendations sub-
19 mitted on request by the Advisory Commission on Inter-
20 governmental Relations; and

21 (5) The extent to which such grant-in-aid programs
22 are adequate to meet the growing and changing needs
23 which they were designed to support.

1 Each such committee shall report the results of its investiga-
2 tion and study to its respective House not later than one
3 hundred and twenty days before such authority is due to
4 expire.

5 STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-
6 IN-AID PROGRAMS

7 SEC. 504. The Comptroller General shall make continu-
8 ing studies of presently existing and all future programs for
9 grant-in-aid assistance from the Federal Government to the
10 States or their political subdivisions concerning the extent to
11 which programs conflict and duplication can be eliminated
12 and more effective, efficient, economical, and uniform admin-
13 istration of such programs could be achieved by changing
14 certain requirements and procedures applicable thereto.

15 In reviewing such programs the Comptroller General
16 shall consider, among other relevant matters, the equalization
17 formulas, and the budgetary, accounting, reporting and
18 administrative procedures applicable to such programs. Re-
19 ports on such studies, together with recommendations, shall
20 be submitted by the Comptroller General to the Congress.
21 Reports on expiring programs should, to the extent practi-
22 cable, be submitted in the year prior to the date set for their
23 expiration.

1 STUDIES BY ADVISORY COMMISSION ON INTERGOVERN-
2 MENTAL RELATIONS

3 SEC. 505. Upon request of any committee referred to in
4 section 503, the Advisory Commission on Intergovernmental
5 Relations (established by Public Law 86-380, as amended)
6 shall, during the same period referred to in such section, con-
7 duct studies of the intergovernmental relations aspects of pro-
8 grams which are subject to the provisions of such section,
9 including (1) the impact of such programs, if any, on the
10 structural organization of State and local governments and
11 on Federal-State-local fiscal relations, and (2) the coordina-
12 tion of Federal administration of such programs with State
13 and local administration thereof, and shall report its findings
14 and recommendations to such committee.

15 RECORDS AND AUDIT

16 SEC. 506. (a) Each State or political subdivision thereof
17 receiving assistance under (1) any Act of Congress enacted
18 after the effective date of this Act which provides for a grant-
19 in-aid from the United States to a State or a political sub-
20 division thereof, or (2) any new grant-in-aid agreement, or
21 extension, modification, or alteration of any existing grant-in-
22 aid agreement pursuant to existing law shall keep such rec-
23 ords as the Federal agency administering such grant may
24 prescribe, including records which fully disclose the amount

1 and disposition by such recipient of such grant-in-aid, the
 2 total cost of the project or undertaking in connection with
 3 which such grant-in-aid is given or used, and the amount of
 4 that portion of the cost of the project or undertaking supplied
 5 by other sources, and such other records as will facilitate an
 6 effective audit.

7 (b) The head of the Federal agency administering such
 8 grant and the Comptroller General of the United States, or
 9 any of their duly authorized representatives, shall have access
 10 for the purpose of audit and examination to any books, docu-
 11 ments, papers, and records of such recipients that are perti-
 12 nent to the grants received.

13 TITLE VI—ACQUISITION, USE, AND DISPOSI-
 14 TION OF LAND WITHIN URBAN AREAS BY
 15 FEDERAL AGENCIES IN CONFORMITY WITH
 16 LAND UTILIZATION PROGRAMS OF AF-
 17 FECTED LOCAL GOVERNMENT

18 AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE
 19 SERVICES ACT

20 SEC. 601. The Federal Property and Administrative
 21 Service Act of 1949, as amended (40 U.S.C. 471 et seq.),
 22 is amended by adding at the end thereof a new title as fol-
 23 lows:

1 “TITLE VIII—URBAN LAND UTILIZATION

2 “SHORT TITLE

3 “SEC. 801. This title may be cited as the ‘Federal Urban
4 Land-Use Act’.

5 “DECLARATION OF PURPOSE AND POLICY

6 “SEC. 802. It is the purpose of this title to promote more
7 harmonious intergovernmental relations and to encourage
8 sound planning, zoning, and land use practices by prescribing
9 uniform policies and procedures whereby the Administrator
10 shall acquire, use, and dispose of land in urban areas in
11 order that urban land transactions entered into for the Gen-
12 eral Services Administration or on behalf of other Federal
13 agencies shall, to the greatest extent practicable, be consistent
14 with zoning and land-use practices and shall be made in
15 accordance with planning and development objectives of the
16 local governments and local planning agencies concerned.

17 “DISPOSAL OF URBAN LANDS

18 “SEC. 803. (a) Whenever the Administrator contem-
19 plates the disposal for or on behalf of any Federal agency of
20 any real property situated within an urban area, he shall,
21 prior to offering such land for sale, give reasonable notice to
22 the head of the governing body of the unit of general local
23 government having jurisdiction over zoning and land-use reg-
24 ulation in the geographical area within which the land or
25 lands are located in order to afford the government the oppor-

1 tunity of zoning for the use of such land in accordance with
2 local comprehensive planning.

3 “(b) The Administrator, to the greatest practicable
4 extent, shall furnish to all prospective purchasers of such real
5 property, full and complete information concerning—

6 “(1) current zoning regulations and prospective
7 zoning requirements and objectives for such property
8 when it is unzoned;

9 “(2) current availability to such property of streets,
10 sidewalks, sewers, water, street lights, and other service
11 facilities and prospective availability of such services if
12 such property is included in comprehensive planning.

13 “ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

14 “SEC. 804. (a) To the extent practicable, prior to a
15 commitment to acquire any real property situated in an urban
16 area, the Administrator shall notify the unit of general local
17 government exercising zoning and land-use jurisdiction over
18 the land proposed to be purchased of his intent to acquire
19 such land and the proposed use of the property. In the event
20 that the Administrator determines that such advance notice
21 would have an adverse impact on the proposed purchase, he
22 shall, upon conclusion of the acquisition, immediately notify
23 such local government of the acquisition and the proposed
24 use of the property.

1 “(b) In the acquisition or change of use of any real
2 property situated in an urban area as a site for public build-
3 ing, the Administrator shall, to the extent he determines
4 practicable—

5 “(1) consider all objections made to any such acqui-
6 sition or change of use by such unit of government upon
7 the ground that the proposed acquisition or change of
8 use conflicts or would conflict with the zoning regulations
9 or planning objectives of such units; and

10 “(2) comply with and conform to such regulations
11 of the unit of general local government having jurisdic-
12 tion with respect to the area within which such property
13 is situated and the planning and development objectives
14 of such local government.

15 “SEC. 805. The procedures prescribed in sections 803
16 and 804 may be waived during any period of national
17 emergency proclaimed by the President.

18 “DEFINITIONS

19 “SEC. 806. As used in this title—

20 “(a) ‘Unit of general local government’ means any city,
21 county, town, parish, village, or other general-purpose politi-
22 cal subdivision of a State.

23 “(b) ‘Urban area’ means—

24 “(1) any geographical area within the jurisdiction
25 of any incorporated city, town, borough, village, or other

unit of general local government, except county or parish,
having a population of ten thousand or more inhabitants;

“(2) that portion of the geographical area within
the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

“(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

“(c) ‘Comprehensive planning’ includes the following, to the extent directly related to the needs of a unit of general local government:

“(1) preparation, as a guide for long-range development, of general physical plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

1 “(2) long-range physical and fiscal plans for such
2 action;

3 “(3) programing of capital improvements and other
4 major expenditures, a determination of relative urgency,
5 together with definitive financing plans for such expendi-
6 tures in the earlier years of the program;

7 “(4) coordination of all related plans and activities
8 of the State and local governments and agencies con-
9 cerned; and

10 “(5) preparation of regulatory and administrative
11 measures in support of the foregoing.”

12 TITLE VII—UNIFORM RELOCATION

13 ASSISTANCE

14 DECLARATION OF POLICY

15 SEC. 701. The purpose of this title is to establish a uni-
16 form policy for the fair and equitable treatment of owners,
17 tenants, and other persons displaced by the acquisition of real
18 property in Federal and federally assisted programs so that
19 as far as practical such persons shall be left not worse off
20 economically than they were before being displaced. Such a
21 policy shall be as uniform as practicable as to (1) reloca-
22 tion payments, (2) advisory assistance, (3) assurance of
23 availability of standard housing, and (4) Federal reimburse-
24 ment for relocation payments under federally assisted
25 programs.

PART A.—FEDERAL PROGRAMS

RELOCATION PAYMENTS

SEC. 702. (a) If the head of any Federal agency acquires real property for public use in a State, he shall make fair and reasonable relocation payments to displaced persons in accordance with the regulations established by the President under section 705 of this Act.

(b) In addition to the payments authorized by subsection (a) of this section, an additional payment of \$300 is authorized for any displaced person who moves from a dwelling if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement, except that such displaced person shall be eligible for payment under this subsection only when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or other type of long-term lease equivalent to fee ownership.

(c) If any displaced person who moves or discontinues his business elects to accept the payment authorized by this subsection in lieu of the payment authorized for such business by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in an amount equal to the average annual net earnings of the business, or \$5,000, whichever is the lesser: *Provided, how-*

1 *ever*, That in the case of a displaced person who is 62 years
2 of age or over, the fixed relocation payment shall be increased
3 by an amount equal to twice the average annual net earnings
4 of the business or \$5,000, whichever is the lesser. No pay-
5 ment shall be made under this subsection unless the head of
6 such agency is satisfied that the business (1) cannot be
7 relocated without a substantial loss of its existing patronage,
8 and (2) is not part of a commercial enterprise having at
9 least one other establishment, not being acquired by the
10 United States, which is engaged in the same or similar
11 business. For purposes of this subsection, the term "average
12 annual net earnings" means one-half of any net earnings of
13 the business, before Federal, State, and local income taxes,
14 during the two taxable years immediately preceding the tax-
15 able year in which such business moves from the real prop-
16 erty acquired by the United States and includes any compen-
17 sation paid by the business to the owner, his spouse, or his de-
18 pendent children during such two-year period. Such earnings
19 and compensation shall be established by Federal income tax
20 returns filed by such business and its owner and his spouse
21 and dependent children for such two taxable years.

22 (d) If any displaced person who moves from a dwelling
23 elects to accept the payments authorized by this subsection in
24 lieu of the payments authorized by subsection (a) of this
25 section for moving from such dwelling, the head of such

1 Federal agency shall make the following fixed relocation pay-
2 ments to such person:

3 (1) A moving expense allowance, determined ac-
4 cording to a schedule established by the head of such
5 agency, not to exceed \$200;

6 (2) A dislocation allowance equal to the amount
7 paid under paragraph (1) of this subsection or \$100,
8 whichever is the lesser;

9 (3) An additional payment of \$300 if the displaced
10 person purchases a dwelling for the purpose of residence
11 within one year from the date of actual displacement
12 except that such displaced person shall be eligible for
13 payment under this subsection only when the dwelling
14 purchased is situated upon real estate in which such per-
15 son acquires fee title, life estate, ninety-nine-year lease,
16 or other type of long-term lease equivalent to fee owner-
17 ship; and

18 (e) If any displaced person who moves or discontinues a
19 farm operation elects to accept the payment authorized by
20 this subsection in lieu of the payment authorized for such farm
21 operation by subsection (a) of this section, the head of such
22 Federal agency shall make a fixed relocation payment to
23 such person in the amount of \$1,000. In the case where the
24 entire farm operation is not acquired by such Federal agency,
25 the payment authorized by this subsection shall be made only

1 if the head of such agency determines that the remainder
2 property is no longer an economic unit.

3 (f) (1) In addition to any amount under subsections
4 (a), (b), (c), (d), and (e) of this section, the head of such
5 Federal agency may pay to or on behalf of any displaced
6 family, displaced elderly individual, or displaced handi-
7 capped individual, monthly payments over a period not to
8 exceed twenty-four months in an amount not to exceed \$500
9 in the first twelve months and \$500 in the second twelve
10 months to assist such displaced family or individual to secure
11 a decent, safe, and sanitary dwelling. Subject to the limita-
12 tion imposed by the preceding sentence, the additional pay-
13 ment shall be an amount which, when added to 20 per
14 centum of the annual income of the displaced individual or
15 family at the time of displacement, equals the average annual
16 rental required for such a decent, safe, and sanitary dwelling
17 of modest standards adequate in size to accommodate the dis-
18 placed individual or family in areas not generally less de-
19 sirable in regard to public utilities and public and com-
20 mercial facilities: *Provided*, That such payment shall be
21 made only to an individual or family who is unable to secure
22 a dwelling unit in a low-rent housing project assisted under
23 the United States Housing Act of 1937, or under a State or
24 local program found by the Secretary of Housing and Urban
25 Development to have the same general purposes as the Fed-

1 eral program under such Act, or a dwelling unit assisted
2 under section 101 of the Housing and Urban Development
3 Act of 1965.

4 (2) The Secretary of Housing and Urban Development
5 shall make the determinations under this subsection on the
6 amount of assistance according to family size, family or indi-
7 vidual income, average rents required, or similar considera-
8 tions for all agencies making such payments.

9 (3) The additional payments under this subsection may
10 be paid on a lump sum or other than monthly basis in cases
11 in which the small size of the payments that would otherwise
12 be required do not warrant a number of separate payments
13 or in other cases in which other than monthly payments are
14 determined warranted by the head of the Federal agency.

15 (4) No payment received under this subsection shall be
16 considered as income for the purpose of determining the
17 eligibility or the extent of eligibility of any person for assist-
18 ance under the Social Security Act or any other Federal Act.

19 (g) (1) In addition to amounts otherwise authorized,
20 the head of such Federal agency shall make a payment to the
21 owner of real property which is acquired for the project and
22 which is improved by a single- or two-family dwelling occu-
23 pied by the owner for a period of not less than one year
24 prior to the initiation of negotiations for the acquisition of

1 such property. Such payment, not to exceed \$5,000, shall be
2 an amount which, when added to the acquisition payment,
3 equals the average price required for a decent, safe, and
4 sanitary dwelling of modest standards adequate in size to
5 accommodate the displaced owner, reasonably accessible to
6 public services and places of employment and available on
7 the private market: *Provided*, That such payment shall be
8 made only to a displaced owner who purchases and occupies
9 a dwelling within one year subsequent to the date on which
10 he is required to move from the dwelling acquired for the
11 project.

12 (2) The Secretary of Housing and Urban Develop-
13 ment shall make the determinations under this subsection on
14 the prices prevailing in the locality for dwellings meeting the
15 requirements of paragraph (1) above for all agencies making
16 such payments.

17 RELOCATION ASSISTANCE PROGRAMS

18 SEC. 703. (a) If the head of any Federal agency
19 acquires real property for public use in a State, he shall
20 provide a relocation assistance program for displaced persons
21 which shall offer the services described in subsection (c) of
22 this section. If the head of such agency determines that
23 other persons, occupying property immediately adjacent to
24 the real property acquired, are caused substantial economic
25 injury because of the public improvement for which such

1 property is acquired, he may offer such persons relocation
2 services under such program.

3 (b) Federal agencies administering programs which
4 may be of assistance to displaced persons covered by this Act
5 shall cooperate to the maximum extent feasible with the Fed-
6 eral or State agency causing the displacement to assure
7 that such displaced persons receive the maximum assistance
8 available to them.

9 (c) Each relocation assistance program required by sub-
10 section (a) of this section shall include, to the maximum extent
11 practicable, such measures, facilities, or services as may be
12 necessary or appropriate in order (1) to determine the needs
13 of displaced families, individuals, business concerns, and farm
14 operators for relocation assistance; (2) to assure that within
15 a reasonable period of time prior to displacement, there will
16 be available, in areas not generally less desirable in regard to
17 public utilities and public and commercial facilities and at
18 rents or prices within the financial means of the families and
19 individuals displaced, decent, safe, and sanitary buildings
20 equal in number to the number of, and available to, such dis-
21 placed families and individuals and reasonably accessible to
22 their places of employment, except that the President may
23 prescribe by regulation situations when such assurances may
24 be waived; (3) to assist owners of displaced businesses and
25 displaced farm operators in obtaining and becoming estab-

1 lished in suitable business locations or replacement farms;
2 (4) to supply information concerning the Federal Housing
3 Administration home acquisition program under section 221
4 (d) (2) of the National Housing Act, the small business dis-
5 aster loan program under section 7 (b) (3) of the Small Busi-
6 ness Act, and other programs offering assistance to displaced
7 persons; (5) to assist in minimizing hardships to displaced
8 persons in adjusting to relocation; and (6) to assure, to the
9 greatest extent practicable, the coordination of relocation ac-
10 tivities with other project activities and other planned or pro-
11 posed governmental actions in the community or nearby areas
12 which may affect the carrying out of the relocation program.

13 (d) Paragraph (3) of section 7 (b) of the Small Busi-
14 ness Act is amended to read as follows:

15 “(3) to make such loans (either directly or in co-
16 operation with banks or other lending institutions through
17 agreements to participate on an immediate or deferred
18 basis) as the Administration may determine to be neces-
19 sary or appropriate to assist any small business concern
20 in continuing in business at its existing location, in re-
21 establishing its business, in purchasing a business or in
22 establishing a new business, if the Administration deter-
23 mines that such concern has suffered substantial economic
24 injury as the result of its displacement by, or location in,
25 adjacent to, or near, a federally aided urban renewal

1 project or highway construction program or any other
2 public improvement program conducted by or with funds
3 provided in whole or in part by the Federal Govern-
4 ment or by the States; and the purpose of a loan made
5 pursuant to such project or program may, in the dis-
6 cretion of the Administration, include the purchase or
7 construction of other premises whether or not the bor-
8 rower owned the premises occupied by the business
9 and,".

10 STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

11 SEC. 704. Whenever real property is acquired by a State
12 agency for a Federal public improvement project, such acqui-
13 sition shall, for purposes of this Act, be deemed an acquisition
14 by the Federal agency having authority over such project
15 and such Federal agency shall make relocation payments,
16 provide relocation assistance, and provide assurance of avail-
17 ability of housing as required in the case of acquisitions of
18 real property by a Federal agency.

19 AUTHORITY OF THE PRESIDENT

20 SEC. 705. (a) To carry into effect the provisions of this
21 title, the President is authorized to make such rules and reg-
22 ulations as he may determine to be necessary to assure—

23 (1) that relocation payments authorized by section
24 702 shall be fair and reasonable and as uniform as
25 practicable;

(2) that a displaced person who makes proper application for a relocation payment authorized for such person by section 702 (a) shall be reimbursed for or paid—

(A) his actual reasonable expenses in moving himself, his family, his business, farm operation, or other personal property, and for his actual and reasonable expenses in searching for a replacement property;

(B) if he disposes of personal property on moving his business or farm operation and replaces such property at the new location at a price exceeding the sale price, the amount of the difference of such prices not to exceed, however, the estimated cost of moving the property or its market value, whichever is less; and

(C) such other expenses authorized by section 702 (a) as may be provided for in regulations issued under this section;

(3) that a displaced person who makes proper application for a relocation payment authorized for such person by this title shall be paid promptly after a move or, in certain hardship cases, the President may, by regulation, authorize advance payment of certain relocation costs;

(4) that any person aggrieved by a determination as to eligibility for a relocation payment authorized by this title, or the amount of a payment, may have his application reviewed by the head of the agency; and

(5) that a displaced person shall have a reasonable time in which to apply for a relocation payment authorized by this title.

(b) The President may, by regulation, establish a limitation on the amount of a relocation payment authorized by section 702 (a) with due consideration for the declaration of policy in this title and the provisions of subsection (a) of this section and section 707 (b) .

(c) In order to prevent unnecessary expense and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, the President is authorized to require that any Federal agency make relocation payments or provide relocation services, or otherwise carry out its functions under this title, by utilizing the facilities, personnel, and services of any other Federal agency, or by entering into appropriate contracts or agreements with any State agency having an established organization for conducting relocation assistance programs.

(d) The President may make such other rules and regulations consistent with the provisions of this title as he deems necessary or appropriate to carry out this title.

1 FUND AVAILABILITY

2 SEC. 706. Funds appropriated or otherwise available
3 to any Federal agency for the acquisition of real property
4 or any interest therein shall be available also for obligation
5 and expenditure to carry out the provisions of this title.

6 PART B.—FEDERALLY ASSISTED PROGRAMS

7 RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF
8 AVAILABILITY OF HOUSING

9 SEC. 707. (a) Notwithstanding any other provision of
10 law, on and after the effective date of this Act, no grant to, or
11 contract or agreement with a State agency, under which Fed-
12 eral financial assistance will be available to pay the cost in
13 connection with the acquisition of real property or of a public
14 improvement for which real property is to be acquired or as
15 the result of which displacement will otherwise occur, may be
16 approved by the head of the Federal agency responsible for
17 the administration of such Federal financial assistance unless
18 such State agency has entered into an agreement with the
19 head of such Federal agency to provide to displaced persons
20 for moves from such real property—

(1) fair and reasonable relocation payments as described in section 702 (a) of this title and in accordance with regulations established by the President under section 705 of this title;

25 (2) fixed relocation payments in the same amounts

1 and under the same terms and conditions as are required
2 to be made by a Federal agency by subsections 702 (c),
3 (d), (e), and (f) of this title;

4 (3) relocation assistance programs offering the serv-
5 ices described in section 703 (c) of this title;

6 (4) a feasible method for the temporary relocation
7 of families and individuals displaced from the property
8 acquired, and assurance that within a reasonable period
9 of time prior to displacement, there will be available in
10 areas not generally less desirable in regard to public
11 utilities and public and commercial facilities and at rents
12 or prices within the financial means of the families and
13 individuals displaced, decent, safe, and sanitary dwell-
14 ings equal in number to the number of and available to
15 such displaced families and individuals and reasonably
16 accessible to their places of employment; and

17 (5) a payment for owner-occupants under the same
18 terms and conditions as are required to be made by Fed-
19 eral agencies by subsection 702 (g) of this Act: *Pro-*
20 *vided*, That no such payment shall be required or in-
21 cluded as a project cost under subsection 707 (c) if the
22 owner-occupant receives a payment required by the
23 State law of eminent domain which is determined by the
24 head of the Federal agency to have substantially the

1 same purpose and effect as subsection 702 (g) and to
2 be part of the cost of the project for which Federal
3 financial assistance is available.

4 (b) As a condition to further assistance to a State
5 agency for the acquisition of real property or of a public
6 improvement for which real property is to be acquired or as
7 a result of which displacement will otherwise occur, the
8 head of the Federal agency shall require, within a reason-
9 able time prior to actual displacement, satisfactory assurance
10 by the State agency that decent, safe, and sanitary dwell-
11 ings as required by subsection 707 (a) (4) are available for
12 the relocation of each such individual or family.

13 (c) The cost to a State agency of providing the pay-
14 ments and services described in subsection (a) of this section
15 may be included as part of the cost of the project for which
16 Federal financial assistance is available to such State agency,
17 and such State agency shall be eligible for Federal financial
18 assistance with respect to such payments and services in the
19 same manner and to the same extent as with respect to other
20 project costs: *Provided*, That, notwithstanding any other
21 law, the Federal agency providing such assistance shall
22 contribute the first \$25,000 of the cost of providing such
23 payments to any person displaced prior to July 1, 1971:
24 *And provided further*, That no State agency need agree to
25 make any relocation payment in excess of \$25,000 to any

1 displaced person in order to receive the assistance authorized
2 by the subsection.

3 (d) In order to prevent unnecessary expenses and dupli-
4 cation of functions; and to promote uniform and effective
5 administration of relocation assistance programs for displaced
6 persons, any agreement by a State agency under subsection
7 (a) of this section shall provide that such agency may make
8 relocation payments or provide relocation assistance or other-
9 wise carry out its functions under this title by utilizing the
10 facilities, personnel, and services of any other State agency
11 having an established organization for conducting relocation
12 assistance programs.

13 (e) Any grant to, or contract or agreement with a State
14 agency executed before the effective date of this Act, under
15 which Federal financial assistance is available to pay the cost
16 in connection with the acquisition of real property, or of the
17 improvement for which such property is acquired, may be
18 amended to include an agreement as described in subsection
19 (a) of this section.

20 (f) If the head of a Federal agency determines that it is
21 necessary for the expeditious completion of a public improve-
22 ment for which a State agency has entered into agreement,
23 as described in subsection (a) of this section, to make relo-
24 cation payments to displaced persons, or to provide the funds
25 necessary to meet the requirements of section 805 (b) (1)

1 of this Act, he may advance the Federal share of such re-
2 location payments and an amount necessary to make the re-
3 quired payments under section 805 (b) (1) to such State
4 agency. Upon determination by the head of such Federal
5 agency that any part of the funds advanced to a State agency
6 under this subsection are no longer required, the amount
7 which he determines not to be required shall be repaid upon
8 demand. Any sum advanced and not repaid on demand shall
9 be deducted from sums otherwise available to such State
10 agency from Federal sources.

11 DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSIST-
12 ANCE UNDER TITLE I OF THE HOUSING ACT OF 1949,
13 AS AMENDED

14 SEC. 708. A person who moves or discontinues his busi-
15 ness, or moves other personal property, or moves from his
16 dwelling on or after the effective date of this Act, as a direct
17 result of any project or program which receives Federal
18 financial assistance under title I of the Housing Act of 1949,
19 as amended, shall, for the purposes of this title, be deemed to
20 be a displaced person.

21 SEVERABILITY

22 SEC. 709. If any provision of this title, or the applica-
23 tion thereof to any person or circumstance is held invalid, the
24 remainder of this title and the application of the provision to
25 other persons or circumstances shall not be affected thereby.

ACTS REPEALED

SEC. 710. (a) The following laws and parts of laws are hereby repealed:

(1) The Act entitled "An Act to authorize the Secretary of the Interior to reimburse owners of lands required for development under his jurisdiction for their moving expenses, and for other purposes," approved May 29, 1958 (43 U.S.C. 1231-1234).

(2) Paragraph 14 of section 203 (b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

(3) Section 2680 of title 10, United States Code.

(4) Section 133 of title 23, United States Code.

(5) Section 7 (b) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1606 (b)),

(6) Section 105 (c) of the Housing Act of 1949 (42 U.S.C. 1455 (c)).

(7) Section 114 of the Housing Act of 1949 (42 U.S.C. 1465).

(8) Paragraph (8) of section 15 of the United States Housing Act of 1937 (42 U.S.C. 1415 (8)), except the first sentence of such paragraph.

(9) Section 404 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3074).

(10) Section 107 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3307).

(b) Any rights or liabilities now existing under prior Acts or portions thereof shall not be affected by the repeal of such prior Acts or portions thereof under subsection (a) of this section.

5 TITLE VIII—UNIFORM LAND ACQUISITION
6 POLICY

7 PART A.—FEDERAL PROGRAMS

8 UNIFORM POLICY ON LAND ACQUISITION PRACTICES

9 SEC. 801. (a) In order to encourage the acquisition of
10 real property by amicable agreements with owners, to relieve
11 congestion in the courts, to assure consistent treatment for
12 owners in the many Federal programs, and to promote public
13 confidence in Federal land acquisition practices, heads of
14 Federal agencies shall be governed by the following policies:

(1) The head of a Federal agency shall conduct transactions for the acquisition of real property in such a manner as to assure to the extent possible that persons whose property is acquired shall not be worse off economically than they were before the property was acquired.

21 (2) The head of a Federal agency shall make every
22 reasonable effort to acquire real property by negotiated
23 purchase.

24 (3) Real property shall be appraised before the ini-
25 tiation of negotiations, and the owner or his designated

1 representative shall be given an opportunity to accom-
2 pany the appraiser during his inspection of the property.

3 (4) Before the initiation of negotiations for prop-
4 erty, the head of the Federal agency concerned shall
5 establish a price which he determines to be a fair and
6 reasonable consideration therefor, such price not to be
7 less than the appraised value of the property as approved
8 by such agency head, and shall make a prompt offer to
9 acquire the property for the full amount so established.

10 (5) No owner shall be required to surrender pos-
11 session of real property before the head of the Federal
12 agency concerned pays the agreed purchase price, or
13 deposits with the court in accordance with section 1 of
14 the Act of February 26, 1931 (46 Stat. 1421; 40
15 U.S.C. 258a), for the benefit of the owner an amount
16 not less than the appraised fair value of such property
17 as determined by such agency head, or the amount of the
18 award of compensation in the condemnation proceeding
19 for such property.

20 (6) The construction or development of public im-
21 provements shall be so scheduled that, to the greatest
22 extent practicable, no person lawfully occupying real
23 property will be required to move from a dwelling, or
24 to move his business or farm operation without at least
25 ninety days' written notice from the head of the Federal

1 agency concerned, of the date by which such move is
2 required.

3 (7) If the head of the Federal agency concerned
4 does not require a building, structure, or other improve-
5 ment acquired as a part of the real property, he shall
6 where practicable offer to permit its owner to remove it.
7 As a condition of removal, an appropriate agreement
8 shall be required whereby the fair value of such building,
9 structure, or improvement for removal from the real
10 property, as determined by such agency head, will be
11 deducted from the compensation otherwise to be paid for
12 the real property, however such compensation may be
13 determined.

14 (8) If the head of a Federal agency permits an
15 owner or tenant to occupy the real property acquired on
16 a rental basis for a short term or for a period subject to
17 termination by the Government on short notice, the
18 amount of rent required shall not exceed the fair rental
19 value of the property to a short-term occupier.

20 (9) In no event shall the head of a Federal agency
21 either advance the time of condemnation, or defer the
22 condemnation and the deposit of funds in court for the
23 use of the owner, in order to compel an agreement on the
24 price to be paid for the property. If an agency head
25 cannot reach an agreement with the owner, after nego-

1 tiations have continued for a reasonable time, he shall
2 promptly institute condemnation proceedings and, at the
3 same time or as soon thereafter as practicable, file a
4 declaration of taking and deposit funds with the court in
5 accordance with the Act of February 26, 1931 (46 Stat.
6 1421; 40 U.S.C. 258a), if possession is required prior
7 to the entry of the judgment in the condemnation
8 proceeding.

9 (10) If an interest in real property is to be acquired
10 by exercise of the power of eminent domain, the head of
11 the Federal agency concerned shall, except as to prop-
12 erty to be acquired under section 25 of the Tennessee
13 Valley Authority Act of 1933 (48 Stat. 70, as amended;
14 16 U.S.C. 831x), request the Attorney General to in-
15 stitute formal condemnation proceedings. No Federal
16 agency head shall intentionally make it necessary for
17 an owner to institute legal proceedings to prove the
18 fact of the taking of his property.

19 (11) If the acquisition of only part of a property
20 would leave its owner with an uneconomic remnant, the
21 head of the Federal agency concerned shall offer to
22 acquire the entire property.

23 (12) In determining the boundaries of a proposed
24 public improvement, the head of the Federal agency con-
25 cerned should take into account human considerations,

1 including the economic and social effects of such deter-
2 mination on the owners and tenants of real property
3 in the area, in addition to engineering and other factors.

4 (b) The provisions of this section shall not affect the
5 validity of any property acquisitions by purchase or con-
6 demnation.

7 BUILDINGS, STRUCTURES, AND IMPROVEMENTS

8 SEC. 802. (a) Notwithstanding any other provisions
9 of law, if the head of a Federal agency acquires land or any
10 interest in land for public use in a State, he shall acquire
11 a like interest, or greater interest, in all buildings, structures,
12 or other improvements comprising part of the real property
13 so acquired which are required to be removed from the
14 land or which, in the opinion of such agency head, will be
15 adversely affected by such public use, if such improvements
16 are not required to be removed.

17 (b) As used in this section, the term "real property"
18 means land, or any interest in land, and (1) any building,
19 structure, or other improvement imbedded in or affixed to
20 land, and any article so affixed or attached to such building,
21 structure, or improvement as to be an essential and integral
22 part thereof; (2) any article affixed or attached to such real
23 property in such manner that it cannot be removed without
24 material injury to itself or the real property; and (3) any
25 article so designed, constructed, or specially adapted for

1 the purpose for which such real property is used that (A)
2 it is an essential accessory or part of such real property,
3 (B) it is not capable of use elsewhere, and (C) it would
4 lose substantially all its value if removed from the real
5 property.

6 (c) For the purpose of determining the extent of the
7 acquisition of real property and the valuation thereof, no
8 building, structure, or other improvement shall be deemed
9 to be other than a part of the real property solely because
10 of the right or obligation of a tenant, as against the owner
11 of any other interest in the real property, to remove such
12 building, structure, or improvement at the expiration of his
13 term, and the head of the Federal agency shall pay to the
14 tenant the fair value of the building, structure, or improve-
15 ment, which fair value shall be determined by such agency
16 head as the greatest of (1) the contributive value of the im-
17 provement to the present use of the entirety, (2) the current
18 cost of reproduction less depreciation of the improvement, or
19 (3) the value of the improvement for removal from the
20 property: *Provided*, (1) that payment hereunder will not
21 result in duplication of any payments otherwise authorized
22 by law; (2) that the fee owner of the land involved disclaims
23 any interest in the improvements of the lessee; and (3) the
24 lessee in consideration for such payment shall assign, transfer

1 and release to the United States all his right, title, and
2 interest in and to such improvements: *Provided further*, That
3 no provision of this section shall be construed to deprive the
4 lessee of his right to reject the payments hereunder and to
5 obtain payment for his property interests of just compensa-
6 tion as otherwise defined by law.

7 EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO
8 UNITED STATES

9 SEC. 803. The head of a Federal agency, as soon as prac-
10 tical after the date of payment of the purchase price or the
11 date of deposit of funds to satisfy the award of compensation
12 in a condemnation proceeding to acquire real property,
13 whichever is the earlier, shall reimburse the owner, to the
14 extent the head of such agency deems fair and reasonable,
15 for expenses necessarily incurred for—

16 (1) recording fees, transfer taxes, and similar
17 expenses in conveying such real property to the United
18 States;

19 (2) penalty costs for prepayment of mortgage inci-
20 dent to such real property, provided that such mortgage
21 shall be of record as required by law on the date the offi-
22 cial announcement of the project is made by the author-
23 ized Federal agency; and

24 (3) the pro rata portion of real property taxes
25 allocable to a period subsequent to the date of vesting title

1 or the effective date of a court order of possession, which-
2 ever is the earlier.

3 PART B.—FEDERALLY ASSISTED PROGRAMS

4 REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREE-
5 MENTS FOR FEDERAL FINANCIAL ASSISTANCE

6 SEC. 804. (a) Notwithstanding any other provision
7 of law, on and after the date of enactment of this Act no
8 grant to or contract or agreement with a State agency, under
9 which Federal financial assistance will be available to pay in
10 whole or in part the cost of the acquisition of real property
11 or of a public improvement for which real property is to
12 be acquired, may be approved by the head of the Federal
13 agency responsible for the administration of such Federal
14 financial assistance unless such State agency has entered into
15 an agreement which shall provide—

16 (1) that every reasonable effort shall be made to
17 acquire the real property by negotiated purchase;

18 (2) that the construction or development of the
19 public improvement shall be so scheduled that, to the
20 greatest extent practicable, no person will be required to
21 move from a home, farm, or business location without at
22 least ninety days' written notice from such State agency
23 of the date by which the move is required; and

24 (3) that it shall be the policy of the head of the State

1 agency, before initiating negotiations for real property,
2 to establish a price which he believes to be a fair and
3 reasonable consideration therefor, such price not to be
4 less than the appraised value of the property as approved
5 by such State agency head, and to make a prompt offer
6 to acquire the property for the full amount so estab-
7 lished.

8 (b) Notwithstanding any other provision of law, on and
9 after July 1, 1971, no grant to, or contract or agreement
10 with a State agency, under which Federal financial assistance
11 will be available to pay in whole or in part the cost of the
12 acquisition of real property, or of a public improvement for
13 which real property is to be acquired, may be approved by
14 the head of the Federal agency responsible for the adminis-
15 tration of such Federal financial assistance, unless such
16 State agency has entered into the agreements described in
17 subsection (a) of this section and has agreed—

18 (1) that no owner will be required to surrender
19 possession of real property before the head of the State
20 agency (A) pays the agreed purchase price, (B) makes
21 available to the owner, by court deposit or otherwise, an
22 amount not less than the appraised fair value of such
23 property, as approved by such State agency head, with-
24 out prejudice to the right of the owner to contest the
25 amount of compensation due for the property, or (C)

1 deposits or pays the final award of compensation in the
2 condemnation proceeding for such property;

3 (2) that the head of the State agency, not later than
4 the date of payment of the purchase price or the date
5 of deposit of funds to satisfy the award of compensation
6 in a condemnation proceeding to acquire real property,
7 whichever is the earlier, shall reimburse the owner, to
8 the extent the head of such agency deems fair and reason-
9 able, for expenses necessarily incurred for—

10 (A) recording fees, transfer taxes, and similar
11 expenses in conveying such real property to the
12 United States;

13 (B) penalty costs for prepayment of mortgage
14 incident to such real property, provided that such
15 mortgage shall be of record as required by law on
16 the date the official announcement of the project is
17 made by the State agency; and

18 (C) the pro rata portion of real property taxes
19 allocable to a period subsequent to the date of vest-
20 ing title or the effective date of a court order of
21 possession, whichever is the earlier.

22 (3) that any decrease in the value of real property
23 prior to the date of valuation caused by the public im-
24 provement for which such property is acquired, or by

1 the likelihood that the property would be acquired for the
2 proposed public improvement, other than that due to
3 physical deterioration within the reasonable control of
4 the owner, will be disregarded in determining the com-
5 pensation for the property; and

6 (4) that for the purpose of determining the extent
7 of the acquisition of real property and the valuation
8 thereof, no building, structure, or other improvement shall
9 be deemed to be other than a part of the real property
10 solely because of the right or obligation of a tenant, as
11 against the owner of any other interest in the real prop-
12 erty, to remove such building, structure, or improvement
13 at the expiration of his term, and the head of the State
14 agency shall pay to the tenant the fair value of the build-
15 ing, structure, or improvement, which fair value shall be
16 determined by such agency head as the greatest of (1)
17 the contributive value of the improvement to the present
18 use of the entirety, (2) the current cost of reproduction
19 less depreciation of the improvement, or (3) the value of
20 the improvement for removal from the property: *Pro-*
21 *vided*, (1) that payment hereunder will not result in
22 duplication of any payments otherwise authorized by law;
23 (2) that the fee owner of the land involved disclaims
24 any interest in the improvements of the lessee; and (3)

1 the lessee in consideration for such payment shall assign,
2 transfer, and release to the State agency all his right,
3 title, and interest in and to such improvements: *Provided*
4 *further*, That no provision of this section shall be con-
5 strued to deprive the lessee of his right to reject the pay-
6 ments hereunder and to obtain payment for his property
7 interests of just compensation as otherwise defined by
8 law.

9 PROVISIONS REPEALED

10 SEC. 805. Effective on July 1, 1971, sections 401, 402,
11 and 403 of the Housing and Urban Development Act of
12 1965 (42 U.S.C. 3071-3073) are hereby repealed.

13 TITLE IX—JUDICIAL REVIEW

14 SEC. 901. The provisions of sections 551-559 and 701-
15 706 of title V, United States Code, shall apply to an action
16 of a Federal agency under title VII and title VIII. For
17 purposes of this title, the definition of "person" contained
18 in section 551 (2) of title V, United States Code, shall be
19 deemed to include a State as defined in this Act.

20 SEC. 902. Any person or State adversely affected or
21 aggrieved by a final action of a Federal agency under title
22 VII or title VIII of this Act may institute, in the district
23 court in the United States or the judicial district in which
24 such person resides or such State is located, or in which the

1 claim of such person or State first arose, an action seeking
 2 review of such final action of the Federal agency and
 3 demanding appropriate relief therefrom.

Passed the Senate July 29, 1968.

Attest:

FRANCIS R. VALEO.

Secretary.

AN ACT

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

JULY 31, 1968

Referred to the Committee on Government Operations

House

August 2, 1968

- 3 -

Select Committee to Study the Unmet Basic Needs Among the People of the United States. pp. S10041-2

8. AID. Sen. Young denounced the "outrageous maladministration by AID officials" in South Vietnam and inserted supporting material. pp. S10022-4
9. CREDIT. Sen. Proxmire inserted the draft of a bill intended to be introduced by him next session which would add a new title to the Truth-in-Lending Act to provide safeguards in the field of credit reporting. pp. S10029-40
10. FOREIGN RELATIONS. Sen. Byrd, Va., objected to the barring of all U. S. imports from and exports to Rhodesia. pp. S10040-1
Both Houses received from the State Department a report on the extent and disposition of U. S. contributions to international organizations for 1967. pp. S10042, H8194
11. NATIONAL PARKS. Both Houses received from Interior the annual report of the National Park Foundation, covering the period Dec. 18, 1967 through June 30, 1968. pp. S10042, H8194
12. ATOMIC ENERGY. Received from the Atomic Energy Commission a proposed bill to amend the Atomic Energy Act of 1954, as amended, to eliminate the requirement for a finding of practical value and abolish the distinction between the commercial licenses for facilities and certain research and development licenses for facilities; to the Joint Committee on Atomic Energy. p. S10042
13. COMMUNITY DEVELOPMENT. Sen. Nelson commended the community self-determination bill and inserted the first of a series of articles explaining the concepts behind the community corporations and how these programs might work. pp. S10092-100
14. TOBACCO. Rep. Ervin inserted a speech, "The Tobacco Economy in the South and Trends and Facts as Tobacco is Related to Human Health." pp. S10116-8
15. REORGANIZATION. Sen. Monroney expressed regret that the House has not acted on the Senate passed government reorganization bill. pp. S10123-5
Sen. Mansfield stated "Congress is a year-round job" and urged a study be given to this matter by an appropriate commission. pp. S10110-11
16. RECLAMATION. Sen. Kuchel commended the compromise proposal in the conference report on the Central Arizona project bill. He said the report will be received when Congress reconvenes on Sept. 4. pp. S10132-33
17. STRAWBERRIES. Rep. Morse inserted the testimony of the manager of a grower-owned processing cooperative favoring H. R. 9071, to impose import limitations on prepared or preserved strawberries. pp. S10147-9
18. LANDS. Sen. McGovern announced that a subcommittee of the Interior and Insular Affairs Committee has set hearings Sept. 19 and 20 on a bill to place certain

National Forest lands in New Mexico in trust for the use of the Taos Indians.
pp. S10044-5

19. CREDIT UNIONS. Sen. Mondale commended the 90th Congress on its actions to modernize and update the Federal Credit Union Act. p. S10045
20. TRADE. Sen. Brewster stated that the hearings on a bill to enable groups of carriers involved in joint-rate arrangements to issue a single bill of lading for an entire intermodal and international journey point out the need for legislation to meet the bill's objectives. pp. S10047-8
21. FARM INCOME. Sen. Church inserted an editorial defending the agricultural industry. p. S10052
22. FARM POLICIES. Sen. Lausche inserted an article criticizing the Government's farm policies as creating "chaotic marketing conditions." p. S10069
23. LEGISLATIVE PROGRAM. The "Daily Digest" states the Senate has as its unfinished business Labor-HEW appropriation bill; Defense foreign aid, and possibly a supplemental--not yet passed by either House; and independent offices-HUD and military construction--in conference. Other bills in conference and yet to be acted on include the farm bill; central Arizona project; food stamps; foreign aid authorizations; Higher Education and Vocational Education Amendments of 1968; and trails system; National Water Commission; and Redwood Nation Park. p. D779
24. ADJOURNMENT. Agreed to H. Con. Res. 805 with amendment that when the Congress adjourns on Fri., Aug. 2, 1968, it stand adjourned until Wed., Sept. 4, 1968. p. S10129

HOUSE

25. INTERGOVERNMENTAL COOPERATION. The Government Operations Committee reported H. R. 18826, the intergovernmental cooperation bill (H. Rept. 1845). p. H8194
26. LANDS. The Agriculture Committee reported H. R. 18033, to direct the Secretary of Agriculture to release on behalf of the U. S. a condition in a deed conveying certain land to the State of Ohio (H. Rept. 1847), and with amendment H. R. 18207, to direct the Secretary of Agriculture to release on behalf of the U. S. a condition in a deed conveying certain lands to S. C. Commission of Forestry so as to permit such commission, subject to a certain condition, to exchange such lands (H. Rept. 1848). p. H8194
27. APPROPRIATIONS. Rep. Mahon inserted "data on the status of the appropriations bills of the session and congressional actions on them...also...certain overall information as to congressional actions on other features of the President's budget, involving not only appropriations but also certain legislative bills and revenue matters that affect the budget picture." pp. H8185-89

INTERGOVERNMENTAL COOPERATION ACT OF 1968

AUGUST 2, 1968.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DAWSON, from the Committee on Government Operations, submitted the following

REPORT

[To accompany H.R. 18826]

The Committee on Government Operations, to whom was referred the bill (H.R. 18826) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for development assistance, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 18826 is to strengthen State and local government and improve the relations between those governments and the Federal Government through closer cooperation and coordination of policies and activities, particularly in the administration of Federal grant and loan programs for development assistance and by other means. The bill provides a means whereby certain troublesome problems in these relations may be avoided.

SUMMARY OF PROVISIONS

The first substantive title of the bill (title II) requires that the Governor of a State and the State legislature, upon request, be informed by the applicable Federal agency concerning any grants-in-aid

being channeled into the State or any of its subdivisions. The title removes any existing requirement that grant funds be kept by the State in a separate bank account. The State shall make regular reports to the Federal agency involved and the agency and the General Accounting Office shall have access to pertinent books and papers. Federal funds will be transferred to the receiving State in accordance with program needs so as to minimize the time elapsing between the transfer of such funds and their disbursement by the State.

Title III permits Federal agencies to provide specialized and technical services to States or local communities and be reimbursed for the cost of such services. This will make available for a fee techniques and expertise which now repose in the Federal Government but which would be of great benefit to the States and local communities. However, these services must be consistent with the Government's policy of relying on private industry to provide those services which are reasonably and expeditiously available through ordinary business channels.

Title IV is designed to provide coordination on the Federal level of the sometime numerous separate assistance programs and funds which may be focused on a given community by various Federal agencies. These programs, though beneficial to the areas they serve, are frequently duplicating, overlapping and seemingly in conflict with each other. Such administration can create severe confusion and have an ill effect on the recipient local government and its future development. Accordingly, the President is given discretionary authority to establish rules and regulations governing Federal programs and projects to the end that they most effectively serve certain stated objectives considered important to healthful living and orderly community development. The title further requires that all viewpoints and objectives—national, regional, State and local—to the extent possible, be considered when Federal development projects are being planned. Federal aid, to the maximum extent possible, shall be consistent with the objectives of State, regional, and local comprehensive planning. Each Federal department and agency administering a development assistance program must consult with and seek advice from other significantly affected Federal agencies in an effort to assure fully coordinated programs. Insofar as possible, Federal planning shall be coordinated with and made a part of local and areawide development planning. Furthermore, to strengthen local government, Federal agencies in making loans or grants should give preference to units of general local government over special-purpose units. This title originally applied only to Federal programs in urban areas but was expanded by the committee to include rural areas where many of the same problems in administration of Federal assistance exist.

Title V provides that in order to promote more harmonious inter-governmental relations the General Services Administration, prior to the disposal of land in urban areas, give notice to the local zoning authority so that the land may be zoned in accord with local comprehensive planning objectives. The GSA shall notify the local zoning authority unless it deems such advance notice will have an adverse impact on the proposed purchase. The GSA is to consider objections made by local governments and, to the extent practicable, comply with local zoning regulations and planning objectives.

BACKGROUND

H.R. 18826 is a clean bill succeeding H.R. 16718. It was introduced by Congressman John A. Blatnik, of Minnesota, chairman of the Subcommittee on Executive and Legislative Reorganization, and joined by all of the members of the subcommittee, including Congresswoman Florence P. Dwyer, of New Jersey, *ex officio*.

The legislation had its origin in a proposed Intergovernmental Cooperation Act first introduced in the 89th Congress by Congressman L. H. Fountain, of North Carolina, and Mrs. Dwyer, and followed by similar bills by a number of other Members. The present bill contains in substance all but one of the titles included in that earlier measure which resulted from studies of the Subcommittee on Intergovernmental Relations and other bodies.

In the 89th Congress, thorough hearings were held on the legislation by the subcommittee—then under the chairmanship of Congressman Chet Holifield, of California.¹ The subcommittee reached agreement on H.R. 17955, introduced by Congressman Dante B. Fascell, of Florida, but the full committee was unable to act upon it before the end of the session.

In the 90th Congress, draft legislation was submitted to the House and Senate by the Advisory Commission on Intergovernmental Relations similar to the Fascell bill in the 89th. This was introduced by Chairman Blatnik and Congressman John N. Erlenborn, of Illinois, ranking minority member of the subcommittee, and became H.R. 16718. Related bills were also introduced by Congressmen Reuss (Wisconsin), Fascell (Florida), Fountain (North Carolina), Fuqua (Florida), Gonzalez (Texas), Saylor (Pennsylvania), Machen (Maryland), Ullman (Oregon), McCarthy (New York), Rooney (New York), Long (Maryland), and Congresswoman Dwyer (New Jersey).

All of these Members played significant roles in shaping the legislative product here presented.

HEARINGS

Hearings on H.R. 16718, the predecessor bill to H.R. 18826, were held by the Subcommittee on Executive and Legislative Reorganization.² Members of Congress, Federal officials, and representatives of interested national organizations were heard. The Secretary of Housing and Urban Development, the Deputy Director of the Bureau of the Budget, the Chairman of the Advisory Commission on Intergovernmental Relations, and the Assistant Secretary of Health, Education, and Welfare testified on behalf of the Federal Government. The Governor of Utah testified for the National Governors' Conference and the mayor of Syracuse spoke for the National League of Cities and the U.S. Conference of Mayors. Many communications were received from leaders of government and civic organizations in various parts of the country.

All witnesses and correspondents favored the bill.

¹ Hearings before the Subcommittee on Executive and Legislative Reorganization of the House Committee on Government Operations on H.R. 17955, Mar. 1, 2, 8, 9; Oct. 5 and 18, 1966.

² Hearings before the Subcommittee on Executive and Legislative Reorganization of the House Committee on Government Operations on H.R. 16718 and related bills, June 12 and 13, 1968.

SECTION-BY-SECTION ANALYSIS

TITLE I—DEFINITIONS

This title contains the definition of 10 terms that are used frequently throughout the other titles.

Section 101 defines the term "Federal agency" as any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Federal Government corporation.

Section 102 defines "State" as it is usually found in most Federal statutes, with the exception that it does not include the governments of the political subdivisions of the State.

Section 103 provides an identical definition for the terms "political subdivision" and "local governments." This definition includes those jurisdictional units listed by the Bureau of the Census as political subdivisions of a State.

Section 104 defines a "unit of general local government" as "any city, county, town, parish, village, or other general-purpose political subdivision of a State." This definition is based on the Census Bureau's treatment of the term.

Section 105 defines "special-purpose unit of local government" as "any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district."

Section 106 provides an identical definition for the terms "grant" and "grant-in-aid" as "money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization (A) to a State; or (B) to a political subdivision of a State; or (C) to a beneficiary under a plan or program which is subject to approval by a Federal agency; if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries." Certain categories of payments, however, are specifically excluded.

Section 107 specifies that the term "Federal financial assistance" does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947.

Section 108 defines "specialized or technical services" as statistical and other studies and compilations among other service functions that State and local governments might be able to utilize under the provisions of title III.

Section 109 contains a definition of "comprehensive planning" which is basically the same as that found in section 701(d) of the Housing Act of 1954, as amended, which contains its own definitions.

Section 110 specifies that the terms "head of a Federal agency" or "head of a State agency" include a duly designated delegate of such agency head.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

Section 201 provides that the Governor (or some other State officer designated by him) and the State legislature will be informed by the Federal department or agency administering a grant program, upon request, of the purposes and amounts of actual grants-in-aid to the State or to any of its political subdivisions.

Section 202 provides that no Federal law or administrative regulation shall require any State to deposit grant-in-aid funds in a separate bank account apart from other funds administered by the State. The development of modern accounting methods renders separate bank accounts unnecessary. Federal funds shall be so accounted for in the accounts of the State. The State agency shall make regular reports to the appropriate Federal agency covering the status and application of the funds, the liabilities and other obligations on hand, and any other facts that may be necessary, and the head of the Federal agency and the Comptroller General of the United States, or a duly appointed representative thereof, shall have access for the purpose of audit and examination to any books, documents, papers, and records that pertain to the grants-in-aid received by the States.

Section 203 requires Federal agencies to schedule the transfer of grant funds to the States in a manner that reduces to a minimum the time between such transfer and the disbursements of the funds by the State. Thus, Federal funds will be retained by the U.S. Treasury until actually needed by the State for the payment of obligations incurred under the particular grant program.

Section 204 authorizes Federal departments and agencies to waive any requirements for a single State agency or multimember board or commission. The departments and agencies may act upon the request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government. In place of current requirements, heads of Federal departments and agencies may approve other forms of administrative organization. Such action is contingent on a determination, by the head of the Federal agency or department concerned, that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of any alternative State structure or arrangement. The intent of this section is to allow States to reorganize their structure of government in order to permit integration of State agencies and functions; the goal is greater flexibility, to permit more efficient and practical State governmental administration. It is not the intent of this act to permit State reorganizations that would fragment the administration of any federally aided program.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

This title is designed to permit Federal departments and agencies to provide specialized or technical services to State and local units of government on a reimbursable basis.

Section 301 states that the purposes of this title are (1) to encourage intergovernmental cooperation in the conduct of specialized and

technical services, and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; (2) to enable State and local governments to avoid unnecessary duplication of special service functions; and (3) to authorize Federal departments and agencies to provide such services on a reimbursable basis. A number of Federal departments already provide specialized services to State and local governments on a reimbursable basis, including the Bureau of the Census, the Weather Bureau, the Bureau of Reclamation, and the Internal Revenue Service. This title would extend, on a Government-wide basis, the principle embodied in these specific cases.

Section 302 provides the authority to Federal agencies to make available specialized or technical services on written request from a State or local government. The requesting governments will pay for the personnel services and all other identifiable direct or indirect expenditures of the Federal department or agency for performing the services. Agencies will be permitted, but not required, to provide the requested service. The services authorized by this title, however shall include only those which the Director of the Bureau of the Budget through rules and regulations determines Federal departments and agencies have special competence to provide.

The Federal Government, however, unless clearly authorized by statute, will not be placed in direct competition with private businesses which are normally capable of performing the needed services.

Section 303 provides that any payments received for specialized or technical services shall be deposited to miscellaneous receipts of the Treasury rather than to the appropriation of the Federal agency.

Section 304 calls for an annual report, in summary form, of the scope of the services provided under this title. The reports will be submitted to the Committees on Government Operations of the Senate and House of Representatives.

Section 305 reserves the existing authority now possessed by any Federal department or agency with respect to furnishing specialized services to State and local governments. It is not the intention of this title to alter any current provisions for the rendering of such services, whether they are currently provided on a reimbursable or nonreimbursable basis.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

Section 401(a) sets forth a policy recognizing the importance of the sound and orderly development of all areas within the Nation, both urban and rural. To effectuate the policy the President is given the discretion to establish rules and regulations to be followed by Federal agencies governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development.

The rules and regulations which the President may promulgate shall provide for full consideration of the concurrent achievement of certain specified objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict. The stated objectives are: (1) Appropriate land uses for housing, com-

mercial, industrial, governmental, institutional, and other purposes; (2) wise development and conservation of natural resources, including land, water, minerals, wildlife, and others; (3) balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods; (4) adequate outdoor recreation and open space; (5) protection of areas of unique natural beauty, historical and scientific interest; (6) properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and (7) concern for high standards of design.

The committee wishes to make it clear that the intent of the language in section 401(a) relating to the making of "reasoned choices" between conflicting objectives is that the rules and regulations issued by the President shall provide for the making of "reasoned choices" in the light of the circumstances existing at the time the Federal programs and projects are formulated, established, or reviewed. It is not intended that the rules and regulations themselves will embody prejudgments between the "reasoned choices" available.

Section 401(b) provides, as a matter of congressional policy, that agencies, to the extent possible, will take into account all viewpoints—national, regional, State, and local—in the formulation and administration of such programs and projects.

Section 401(c) requires, to the maximum extent practicable, that all Federal aid for development purposes shall be consistent with and shall further the objectives of State and local development planning.

The intent of Congress, that Federal departments and agencies administering such programs consult with and seek advice from one another through interagency and other mechanisms in an effort to assure fully coordinated assistance programs, is stated in section 401(d).

Section 401(e) stipulates that, insofar as possible, the systematic planning that is required by individual Federal assistance programs shall be coordinated with and made part of comprehensive local and areawide development planning.

Section 402 provides that, in the absence of substantial reasons to the contrary, Federal departments and agencies shall make Federal aid available to general rather than special-purpose units of local government. Local units of government should be responsible for a wide range of functions, so that the governing process involves a reconciliation of conflicting interests and a balancing of governmental needs and resources. General-purpose units of local government meet these conditions. Special-purpose units often do not.

Section 403 provides that the Bureau of the Budget or such other agency as may be designated by the President shall be authorized to prescribe the rules and regulations necessary to administer this title.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

This title further amends the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), by adding at the end thereof a new title as follows: "Title VIII—Urban Land Utilization."

Section 801 of this title provides for a short title: "Federal Urban Land-Use Act."

Section 802 of this title states a general policy of promoting harmonious intergovernmental relations. It also prescribes use of uniform procedures in the acquisition, use, and disposal of land in urban areas by the General Services Administrator. The procedures affect these urban land transactions when entered into for the GSA or on behalf of other Federal agencies. The section provides that the transactions shall, to the greatest practicable extent, be in accordance with the planning and development objectives of the affected local governments and local planning agencies.

Section 803 of this new title VIII requires that the Administrator of the General Services Administration shall, prior to the sale of Federal land give reasonable notice to the head of the governing body of the unit of urban general local government having zoning or land-use jurisdiction over the land. This notice is designed to give the local government an opportunity to zone the use of such land in accordance with local comprehensive planning objectives. The Administrator, to the greatest practicable extent, is further directed to furnish any prospective purchasers with local comprehensive planning information relating to zoning, land use, and/or other regulations which would be applicable to the use and development of the property offered for sale. The Administrator is not expected to guarantee that this information, to be furnished by the local jurisdiction concerned, is necessarily accurate or will remain unchanged.

Section 804 requires that the Administrator, to the greatest extent practicable, will give notice to the unit of local government prior to entering a commitment to acquire or prior to a change in the use of any real property within its jurisdiction. He may proceed without giving such notice where he determines that it would have an adverse impact on the proposed purchase. In such situations, upon completion of the acquisition, he must immediately notify the appropriate local government of the acquisition and of the proposed use of such property.

Section 804(b) refers to the acquisition or change of use of any real property situated in an urban area as a site for public building. Under this section, the Administrator shall, to the extent he determines practicable, consider all objections made by a local government because of possible conflicts with its zoning regulations or planning objectives. The Administrator shall, to the extent he determines practicable, comply in such action with the local zoning regulations and planning development objectives of the unit of the affected local government.

Section 805 provides that the procedures described in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

Section 806 defines the terms "units of general local government," "urban areas," and "comprehensive planning" as they are used in this title. The definition of "unit of general local government" in section 806(a) is identical with that found in section 104. The definition of "urban area" in section 806(b) is unique to this act and is geared to meeting the special objectives of this title. The definition of "comprehensive planning" in section 806(c) is similar but not identical to the one in section 109; the differences are to emphasize the local, rather than the areawide, application of this term.

GENERAL STATEMENT

The committee recommends this measure as a means to make stronger and more vital our State and local governments and to improve and make smoother their interaction with the Federal Government. This is an area in which much needs to be done. This bill is a reasonable first step.

There are now in operation over 400 separate categorical authorizations for Federal grant-in-aid programs to State and local governments. These programs are administered by 18 Federal departments and agencies amounting to more than \$20.3 billion for fiscal year 1969. Carrying out the intention of Congress that these vast funds be dispensed efficiently and economically is obviously very difficult under present arrangements. The Advisory Commission on Intergovernmental Relations has informed us that:

This extraordinary expansion in the dollar amounts and number of grants-in-aid demonstrates beyond any doubt the complete acceptance of the partnership principle by Congress and the administration as the correct approach to effective intergovernmental relations. The expansion in the number, variety, and eligible recipients of grant programs, however, has generated serious management difficulties. A "communications gap," coordination difficulties, disjointed planning efforts, and rigid and frequently conflicting administrative and other requirements are but a few of the fallout problems that have arisen.

This committee believes that the enactment of this measure would substantially assist in correcting the problems here outlined and presented in detail in our hearings.

We consider it understandable that a Governor and the State legislature be informed, upon request, of the Federal grants being channeled into the State and its political subdivisions. With approximately 17 percent of total State and local revenues coming from Federal sources, sound planning and budgeting on the State level dictate the necessity of such information. Sound management would also seem to dictate that a Governor be able to reorganize his State's administrative structure and, therefore, not be prevented from doing so by a rigid single agency system for receiving Federal funds.

The committee sees real advantages for the States in being able to deposit grant funds with other State funds rather than in separate accounts as now required. The financial information that the granting agency may need from time to time can be quickly provided by modern accounting procedures and the use of computers. Other controls which may be necessary can be imposed. Likewise, by scheduling the transfer of funds to the States in a way that will not allow long periods before they are used should produce more practical results and prevent any windfalls. The recently adopted letter of credit procedure will aid in accomplishing these objectives. At the suggestion of the General Accounting Office, we declined to waive the requirement that the States be held accountable for interest earned on grant funds pending their disbursement, although we expect that the amount of such interest in the future should be rather small.

Federal agencies should, of course, be able to provide technical services to State and local governments and much of this is already being done. This bill enlarges present arrangements by allowing the agencies to be reimbursed for such services thereby removing an important inhibiting factor. We did not agree that the reimbursements be placed in the appropriation account of the disbursing agency but rather, as suggested by the Comptroller General, be deposited to miscellaneous receipts of the Treasury. The bill contains safeguards against any unwarranted competition by Federal agencies with private industry.

The committee is fully in accord with the idea of coordination of policy and administration of grant programs. We, therefore, give to the President the authority to issue rules and regulations that will aid in achieving this purpose. Originally, this authority was to be limited to programs in urban areas where many of the programs are concentrated and the greatest need for coordination is found. We were convinced, however, that with the growing number of Federal programs directed to rural areas and the inevitable overlapping and duplication that follow, the policies established in title IV should be applied to rural areas as well. The title was rewritten accordingly.

The coordination which we aim for will not only affect the various Federal agencies involved in planning and administration but every effort should be made to take into account the viewpoints and objectives of State, local, and regional planning.

The provisions on the acquisition, use and disposal of Federal land is another means to undergird local government zoning and planning. We expect that this type of cooperation between the Federal land holding agency and the community in which the land is located will produce great advantages for the locality without diminishing the sovereignty of the Federal Government.

Many difficulties in the relations between our Federal Government and the States and localities still remain but we consider this bill a major advance toward obtaining the harmony among the various elements of our Federal system demanded by the needs of a growing nation.

DEPARTMENTAL REPORTS

STATEMENT OF PHILLIP S. HUGHES, DEPUTY DIRECTOR, BUREAU OF THE BUDGET, JUNE 12, 1968

Mr. Chairman and members of the committee, we are appearing today in support of H.R. 16718, the "Intergovernmental Cooperation Act of 1968," which was introduced by the chairman of the subcommittee and cosponsored by Mr. Erlenborn and which has as its principal aim improving the relationships between and among the Federal, State, and local governmental units in our Federal system and, hence, the quality of American government.

The Bureau of the Budget has already reported on the other intergovernmental cooperation act proposals pending before the subcommittee and our testimony today is directed toward the provisions of H.R. 16718.

Last year the Advisory Commission on Intergovernmental Relations requested our assistance in developing an intergovernmental

cooperation act. After discussions with the various affected Federal agencies and with the Advisory Commission, agreement was reached on a measure transmitted by the ACIR containing five titles, all of which are included in the bill as introduced by the chairman and on which we are testifying.

The titles of H.R. 16718 are designed to—

Achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society;

Improve the administration of grants-in-aid to the States;

Permit provision of reimbursable technical services to State and local governments;

Establish coordinated intergovernmental policy and administration of grants and loans for urban development; and

Provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs.

Previous Bureau testimony before this committee in 1966 stressed the increasing importance of cooperative federalism as expressed in the extent to which Federal financial assistance to State and local governments for matters of national concern has become a major factor in the management of Government affairs in the country. To be specific, in the fiscal year 1969, the total of Federal grant programs dealing with national goals in a joint endeavor by Federal, State, and local units of government will exceed \$20 billion. In that fiscal period, such Federal financial assistance to State and local governments under existing and proposed programs will total an estimated \$20.3 billion, of which there will be net expenditures of \$15.5 from regular budget accounts and \$4.8 from the highway and unemployment trust funds.

In 10 years, total Federal aid will have more than tripled, rising from \$6.7 billion in 1959 to an anticipated \$20.3 billion in 1969. It is estimated that, in the same decade, expenditures by State and local funds also will have more than doubled.

The fastest growing grants are those to advance the war on poverty, to provide decent medical care for the needy, to improve the facilities and services in our urban centers, and to upgrade the elementary and secondary educational opportunities available to children of low-income families.

Total aids for metropolitan or urban areas have risen from \$4 billion in 1961 to an estimated \$12 billion in 1969. Thus, Federal aids benefiting urban areas have grown by about \$8 billion—nearly tripling in less than a decade.

The effective administration of Federal aid programs has received increasing attention in the last several years. The Bureau's concern has been both with the budgetary impact of grant expenditures, and with the means of coordinating the growing number of grant programs as well as devising measures for the more effective management of cooperatively financed Federal programs.

I intend now to turn to discussion of the individual titles of the bill.

Title I deals solely with definitions which apply to the other four titles and on which we have no comment.

Title II calls for the improved administration of grants-in-aid to the States. It authorizes full information to the Governors and State

legislatures on grants to their States. It would also improve the scheduling of Federal fund transfers to the States and permit the States to budget Federal grant funds in much the same manner as they budget other revenues. Specifically, this title would provide the Governors and State legislatures with necessary data upon which to finance and administer cooperative programs under Federal grants-in-aid. It would also assure, through statutory enactment, the expeditious furnishing of Federal grant funds through the letter-of-credit procedure established now by Executive order, and relieve the States from interest earned on Federal funds in their possession. In addition, it would relieve the States from unnecessary and outmoded accounting procedures while protecting the right of the executive branch and the Comptroller General to audit these accounts. Finally, title II would permit the head of a Federal agency to waive the single State agency requirement in Federal grant programs to permit reorganization and modernization of State government structures.

Title III would permit Federal departments and agencies to provide technical and specialized assistance to State and local governments on a reimbursable basis but without competing with private enterprise. This would have the advantage of permitting all Federal departments and agencies to provide such necessary services, under rules and regulations established by the Bureau of the Budget, and without rescinding any such authority now possessed by any Federal agency with or without reimbursement. Under this title, the head of any Federal agency providing such services would be required to report annually on the nature of the services rendered to the respective congressional Committees on Government Operations.

Title IV establishes a coordinated intergovernmental policy and administration of grants for urban development under a declaration of urban assistance policy contained in section 401. Units of general local government would be favored over special-purpose districts, where all other circumstances are equal, in their eligibility to receive loans and grants-in-aid for urban development. The final section permits the President to "prescribe such rules and regulations as are deemed appropriate for the effective administration of this title," but requires that these rules or regulations take into account "the basic distinctions between areas which are primarily rural and those which are urban or metropolitan, as well as between the agencies which have program responsibilities in the different areas."

Title V, which is designated as the "Federal Urban Land-Use Act," provides for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with land utilization programs of affected local governments. The provisions of this title are aimed at assuring more harmonious intergovernmental relations with urban communities by providing uniform policies applying to Federal land transactions so that, to the greatest extent practicable, these transactions will be consistent with local land use and zoning practices and in accordance with local planning and development objectives. The provisions require that the head of the local governing body concerned shall receive due and proper notice from the Administrator of the General Services Administration.

In conclusion, Mr. Chairman, I simply wish to repeat that the Bureau of the Budget worked with the Advisory Commission on

Intergovernmental Relations in the development of this bill, and accordingly regards it as consistent with the administration's objective of a more creative and dynamic federalism.

STATEMENT OF ROBERT C. WEAVER, SECRETARY OF HOUSING AND URBAN DEVELOPMENT, JUNE 13, 1968

Mr. Chairman and members of the committee, I am pleased to appear before you today to present the Department's views on the proposed Intergovernmental Cooperation Act of 1968, H.R. 16718. We welcome the continuing exploration of the problems of federalism and the role of government in dealing with the problems of an urban society.

It is appropriate that the legislative proposals contained in H.R. 16718 deal not with Washington alone, but also with the State, regional, and local levels of government. A complex and decentralized system of government, an exploding urbanization process, rising expectations, and advances in technology mean that there can be no ultimate or unchanging solutions to how government conducts its business.

We endorse the general objectives proposed in this act:

More uniform administration of Federal grants to State governments;

Extending reimbursable technical assistance services to both State and local governments;

Supporting rather than bypassing the local general purpose governments of the country, where ultimately all public and private services must be coordinated and delivered; and

More uniform and expeditious Federal practice with respect to the acquisition, use, and disposition of urban land, including consistency, to the extent possible, with local planning goals.

It should be emphasized that none of these objectives designed to support strong and capable governments is meaningful unless it has the effect of bringing public resources to bear in making our urban places worthy of the people who live in them. Neat and orderly administration is a mockery unless it assists the people of urban America in providing decent housing, averting the spread of slums and blight, focusing resources on needs that are most pressing, and providing opportunity for people to choose among types of environments that fit their needs and desires.

It is indicative of the great strength of our democratic system that most of our public debate centers not on the objectives of this bill but rather on the most effective means of achieving them. In this context I would like to comment on the titles of the proposed legislation and briefly identify some actions currently underway in our Department, in cooperation with other Federal agencies and State and local governments, that complement or that are consistent with the bill's basic objectives.

II. Administration of Grants-in-Aid to States

We favor title II which has the objective of making full information available to the Governor and of furthering the uniform administra-

tion of Federal grant funds to the States. In this connection, the Department last year initiated a service to each of the Governors under which we provide his designated representative with quarterly reports on HUD supported projects within the State.

HUD has several programs which are administered through the States. Two of these are relatively new, the urban information and technical assistance program authorized under title IX of the Demonstration Cities and Metropolitan Development Act of 1966 and the Community Development Training Program authorized under title VIII of the Housing Act of 1964. In both of these, maximum discretion has been given to the Governor for designation of appropriate State agencies to carry out the programs. In addition, several elements of the section 701 planning assistance program involve grants to the States. There too, particularly in connection with the program of assistance to State planning, we have taken advantage of the administrative leeway permitted under the law in order to assure the involvement and support of the Governors.

III. Federal Technical Services to State and Local Governments

We also favor the provisions of title III which authorize Federal agencies to provide specialized and technical services to State and local governments on a reimbursable basis. It is premature to identify the specific HUD services that will be called for by the States and localities if the title is enacted. They might, for example, utilize aid in connection with certain of our specialized market housing analysis activities or ask us to provide specialized training services as the Department's training capability becomes further developed.

IV. Intergovernmental Coordination

The Department is in full accord with the objectives of title IV to achieve a more coordinated intergovernmental policy in the administration of Federal urban development programs.

The Department's model cities program has a special pertinence to the objectives of title IV since the very essence of the program is an attempt to bring about the most effective and economical coordination of Federal, State, and local governmental efforts and private efforts to improve model neighborhoods. The program is an experiment in bringing together old programs and new so that they may be focused on the physical and social needs of the area. It involves a multiple funding approach which uses separate established programs; but it also provides supplementary funds to bridge the gaps between existing programs and to permit new and experimental approaches.

In the model cities program, the mayor and his model city agency staff are charged with developing comprehensive, coordinated neighborhood programs and with obtaining widespread participation of neighborhood residents in program planning and execution. For this to happen, Federal programs cannot bypass the city government, and there must be assurance that independent local agencies will not work separately, or at cross purposes with each other. For the model city program to succeed, local activities, though funded from separate sources, must be responsive to an overall strategy for solving the neighborhood's basic problems.

In meeting the challenge presented by the need for comprehensive and coordinated model city activities, local officials have raised hard questions as to the ability and willingness of the Federal Government to respond in a correspondingly coordinated manner. Doubt has been expressed as to the commitment of the Federal Government to change its old and established ways of doing business. They ask whether the Federal Government will provide adequate funds in a timely manner; will provide adequate technical assistance; and whether Federal procedural requirements will be streamlined both in planning and execution stages.

We recognize the problems and share the concerns expressed by local officials. They are very real. We are now actively engaged with other Federal departments and agencies in making the changes which are necessary to provide a coordinated Federal response.

I would also like to take this opportunity to describe briefly several efforts that the Department currently has underway in support of more coordinated policy and administration of grants for urban development.

The Council of State Governments is currently working on a major HUD research project aimed at strengthening the role of State governments in the administration of federally assisted grant-in-aid programs. The purpose of the project is to provide better links between comprehensive planning and the functional State plans required by many Federal grant programs. Over 80 Federal grant programs currently require the States to prepare a plan as a condition of receipt of aid. The study should lead to more consistent Federal planning requirements and strengthen the role of the Governor in the administration of State programs.

The Department has recently established an interagency committee to examine federally supported State technical assistance programs for helping localities in all aspects of community development. This committee is composed of representatives from OEO, EDA, HEW, Agriculture, Transportation, and Labor. It is assessing the impact of federally supported technical assistance programs on State administrative structure and ways of coordinating the funding, coverage, and administration of these Federal aids. The study will identify specific instances in which improved coordination might enhance the effectiveness of federally supported State-local technical services, propose improvement in interagency review of proposed activities, and help reduce duplication of grant coverage and approval.

Another recent effort by the Department to improve HUD relations with States and localities was the further decentralization of departmental operations and a reduction in time for processing grant applications. This was done in line with the recommendations of the joint administrative task force established by the President and chaired by our Assistant Secretary for Administration.

In addition, in order better to assist States and localities, we hope to establish a staff in each HUD regional office to coordinate and unify HUD program relationships at the State and local level. They will assist the regional administrators in serving as their liaison among States and localities on matters involving more than one program or requiring departmental level participation and coordination. This should contribute to a more coordinated policy and a better mix of programs for improved urban development.

V. Federal Land Acquisition and Disposition

The provisions of title V are designed to assure that the Federal Government, in its real property acquisition and disposition procedures, takes account of local land use controls and planning objectives. We are, of course, in basic agreement with this objective.

It is, however, worth noting that from an urban development standpoint, the significance of this title is necessarily dependent upon the quality of the local land use controls and planning. And in connection with disposition activities particularly, the most notable area for intergovernmental cooperation may extend well beyond the minimum standards of this title. It may involve not only conformity of land disposition to current local regulations, but also the establishment by the locality of new regulations and objectives that will enable Federal surplus land to be used in new and imaginative ways.

As you may know, the President last year announced a national demonstration program centered upon creation of complete communities or neighborhoods on Federal surplus land in urban areas. This program has now progressed through its preliminary phases, and responsibility for its continuing development is centered in the Department of Housing and Urban Development. Several sites in various areas have been identified, with three, in the District of Columbia, Atlanta, and San Antonio already announced. Planning efforts are well underway for future development of areas that will not only enlarge housing choices but include a full range of uses—shopping, education, recreation, and other community facilities and public services for citizens of various income levels.

This program of Federal excess land for critical urban needs depends on securing maximum involvement of private enterprise and also requires cooperation among a number of Federal agencies. A creative and imaginative response on the part of local governments is a third essential. Their response should measure up to the unique opportunity for rapid, high quality, and relatively low cost development which the availability of surplus land may represent. For communities where land is scarce in relation to urgent urban needs, such opportunities are most important.

While the demonstration program has so far centered upon relatively large sites, the basic approach and concepts involved can also be applied to smaller tracts. These may be particularly useful, for example, for relocation or low- and moderate-income housing. But, again, the local governments should be prepared to seize the opportunity and, if necessary, to adjust their own plans and objectives accordingly.

Thus, while I accept in broad principle the provisions of title V, I would urge that the resulting legislation or the pertinent committee report specifically state that these provisions are in no way supportive of unduly restrictive land use controls.

In addition to H.R. 16718, there are a number of related bills before the subcommittee which include additional proposals for congressional review of grants-in-aid, consolidation of grant-in-aid programs, and for establishing uniform policies for relocation assistance and land acquisition. I understand that the Bureau of the Budget has provided the subcommittee with the views of the administration on these proposals. Relocation assistance and land acquisition are of special concern to our Department, and I would be pleased to answer

questions on these related matters if that is the desire of the subcommittee.

In conclusion, Mr. Chairman, I want to state that the Department of Housing and Urban Development believes that the objectives of H.R. 16718, the Intergovernmental Cooperation Act of 1968, are most meritorious. Enactment of this legislation will make a positive contribution in the effort to coordinate Federal assistance with State and local programs and goals.

REPORT OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

JUNE 12, 1968.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is in response to your request of May 1, 1968, for a report on H.R. 16718, a bill "To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes."

It also discusses similar bills H.R. 599, H.R. 624, H.R. 5523, H.R. 5524, H.R. 5525, and H.R. 5770, on which you also requested our views, to the extent there are substantial differences (minor differences will be disregarded) between them and H.R. 16718 which embodies the recommendations of the Advisory Commission on Intergovernmental Relations.

This Department agrees in principle with the objectives of the bills—to achieve optimum cooperation and coordination of activities among the various levels of government. The President has strongly emphasized the necessity for increased collaboration among Federal and State governments and communities, particularly in areawide planning. We believe that the bill would be a step toward strengthening and improving the effectiveness of Federal-State programs, but feel that the bills would better serve this objective if certain provisions are modified or omitted.

This report will first discuss each title of H.R. 16718 and will then discuss the additional titles included in one or more of the other bills referred to above.

Title I—Definitions

Title I defines key terms used in the bill

The definition of "grant" or "grant-in-aid" in section 106 excludes "payments in lieu of taxes." Public Law 81-815 and title I of Public Law 81-874 are generally regarded as, at least in part, payments in lieu of taxes. It is not free from doubt, however, whether they would be considered (in their entirety) as such within the meaning of the

bill. Considering the underlying philosophy of these two laws, it would seem appropriate to classify them as payments in lieu of taxes for the purposes of the bill.

Title II—Improved Administration of Grants-in-Aid to the States

Title II would attempt to assist States in carrying out Federal grant-in-aid programs by requiring that the Governor of a State or his designee, or the State legislature be notified (upon request) of the purpose and amounts of grants-in-aid to the State (section 201); by providing that a Federal agency may not require that grant-in-aid funds be deposited in a separate bank account of the State, but that the State agency concerned shall render authenticated reports to the granting agency of the status and application of the funds and such other facts as may be required by the Federal agency (section 202); by providing that grant-in-aid payments to a State be scheduled so as to minimize the period of time during which the funds are held by the State prior to disbursement by it; and by providing that States shall not be held accountable for interest earned on granted funds pending their disbursement for program purposes (section 203).

Section 204 of title II would authorize the head of a Federal agency administering a grant-in-aid program, upon request of a State (i.e., the Governor or other authority responsible for determining or revising the organizational structure of State government), to waive a statutory requirement that the program be administered by a single State agency or by a multimember board or commission and to approve a different administrative arrangement, if the Federal agency head determines that the objectives of the grant-in-aid program would not be endangered and that there has been an adequate showing that the Federal requirement prevents the establishment of the most effective and efficient organization arrangements within the State government.

Doubtless some State governments do have problems with communication among State officials and with the timing of data on budgets. Consequently, although, as chief executive of the State, the Governor should usually be able to obtain directly all available facts and data from his own State program agency promptly and in a form designed for his needs, we would not object to enactment of section 201.

The sight-draft-account and letter of credit system of this Department for grants-in-aid is consonant with the first sentence of section 203 of the bill, which requires that Federal agency heads shall, consistent with program purposes and applicable Treasury regulations, schedule the transfer of grant-in-aid funds from the Treasury so as to minimize the time lapse between such transfer and the disbursement by a State (see section 6 of Public Law 89-105). While this would ordinarily prevent the earning of interest on our grant funds, we question the second sentence of section 203, which would relieve the States from accountability for interest earned on grant funds pending disbursement, where this did occur. Such a provision might be an incentive to States to draw the funds sooner than actually needed, contrary to the objective of section 203.

We believe that it would be desirable for the heads of Federal agencies to have the authority to waive the single State agency requirement with its related safeguards as proposed in section 204 of the bill. However, we expect that waivers would be given quite sparingly.

The most important consequence of the present requirement for a single State agency is the existence of a single, clearly identifiable unit within the structure of State government which must be accountable to the Federal agency for every aspect of the administration of the program at the State and local levels. Such a focal point is very important. The Federal agency, in order to discharge its responsibility, must know with whom, at the State level, it shall deal, and who can be held accountable, not merely in a purely fiscal but in a substantive sense, for carrying out the federally assisted program. Therefore, even in cases where the single State agency requirements is waived, we would expect that there would be a single point of accountability within the State government.

The fact that an agency is designated by a State as the single agency to which this Department will look for conformity with the conditions of a grant does not exclude use by it of other State agencies. In fact, we encourage utilization by the designated agency of the resources and services of other State agencies and we have required cooperative planning and working relationships in a number of programs—for example, in the planning of facilities for mental retardation programs.

Nevertheless, we recognize that, in recent years, new domestic problems have arisen, for which not only new programs, but also fresh approaches and techniques in the administration of both new and established programs, are needed.

A significant trend among the States has been the creation of combined State departments for health and welfare functions. Ten jurisdictions now have such departments. The creation of these combined health and welfare departments indicates a recognition of the inter-relationship between the problems of poverty and ill health, and a realization of the need for better coordinated administration and services in these fields at the State level.

We believe that the availability of the waiver authority under the conditions proposed in the bill would enable Federal agencies to cooperate in the search for more effective administration. This position is consistent with the provisions of section 6(c) of H.R. 12631, the proposed Joint Funding Simplification Act of 1968, on which we reported to this committee on May 16, 1968. In general, that section would authorize Federal agency heads to waive the requirement that a single State agency administer (or supervise the administration of) Federal assistance which provides part of the support for a jointly funded project. This section 6(c) waiver would, thus, also be available to make possible new techniques in administration.

As written, section 204 of H.R. 16718 does not appear to authorize waiver of a statutory requirement that a particular State agency (such as the State health agency) must be designated as the single State agency. If such authority is intended we believe clarification is necessary.

(H.R. 599 also includes two additional sections—requiring all grants to be paid to the State treasurer or other State-designated official and limiting salaries paid with the aid of Federal grants generally to the regular salary standards of the State. We do not believe these additional and specific statutory limitations on the flexibility of the State administration are necessary.)

Title III—Permitting Federal Departments and Agencies to Provide Special or Technical Services to State and Local Units of Government

Title III of H.R. 16718 would authorize Federal agencies which do not already have this authority to provide, under rules and regulations of the Director of the Bureau of the Budget, specialized and technical services to State and local agencies on a reimbursable basis. Federal agencies would be required to provide such services, if based on the authority of section 302, on a fee basis. This provision does not appear to supersede existing authority possessed by any Federal agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of Government; hence, we would not object to its enactment.

Section 302 also provides that only such services may be provided as are authorized under rules and regulations of the Budget Bureau and that such rules and regulations shall be consistent with and in furtherance of the policy of relying on the private sector to provide those services reasonably and expeditiously available through ordinary business channels.

We should like to point out that the executive branch has long-standing policies and procedures designed to avoid needless competition with private business. Moreover, in some instances, even though given types of services are available through ordinary business channels, they are nevertheless appropriately rendered by a Federal department or agency. For example, while there are, we understand, firms which specialize in providing advice on how to apply for Federal grants, we believe that it is properly within the province of the Federal agency administering a grant program to give such advice to potential applicants for grants.

Title IV—Coordinated Intergovernmental Policy and Administration of Grants for Urban Development

Title IV of H.R. 16718 would establish a coordinated intergovernmental urban assistance policy. It would require the President to establish Government-wide rules and regulations for use in formulating, evaluating, and reviewing, in the light of specific objectives listed in the bill, "urban development programs and projects for the provision of federally aided urban facilities, and Federal projects having a significant impact on the development of urban and urbanizing communities." In making loans or grants-in-aid for urban development, Federal agencies would be required, in the absence of substantial reasons to the contrary, to make the loan or grant to a unit of general local government rather than to a special-purpose unit of local government.

The Department of Health, Education, and Welfare endorses the purposes of title IV and the guiding principles as stated in section 401. Within the Department, we have made specific organizational changes to improve our ability to work effectively with other Departments on urban problems.

Early in 1967, the Secretary of Health, Education, and Welfare established the Center for Community Planning for the purpose of providing an urban focus for the Department and developing re-

sponsiveness to the needs of the city. The Center coordinates departmental activity in connection with the model cities, neighborhood services program, parent-child centers, the youth opportunity campaign, and other urban programs. It has built a "technical assistance network" utilizing local social security district office managers and other Department personnel, through which requests for information and assistance in connection with urban problems may be routed rapidly to that point—the State, the region, or the appropriate agency in Washington—where the most effective help can be given.

One of the Center's major tasks is to develop new and more flexible mechanisms of funding comprehensive urban programs such as the model cities. It has developed and is operating a system for prompt interagency evaluation of multipurpose projects involving this Department and other departments. The Center represents the Department on interdepartmental task forces and committees concerned with urban programs and with semipublic associations such as the Conference of Mayors and the National League of Cities.

The Center is currently working with the Council of State Governments and the Department of Housing and Urban Development to develop policy for the Federal Departments in working with the States in the model cities and other urban programs, and to advise the States of the role they should be playing in this effort. The Center is also chairing an interdepartmental task force attempting to develop information materials aimed at inner city residents to make known the objectives of the model cities program and the services available through it and other urban facilities.

While section 401 authorizes the President to establish rules and regulations to implement its objectives, section 403 (not in H.R. 599 or H.R. 624) would somewhat inconsistently vest the authority for prescribing rules and regulations for effective administration of title IV in the Budget Bureau or such other agency as may be designated by the President.

(H.R. 599 and H.R. 624 also include sections relating to "Consistency with Plans and Objectives of General Local Governments" and "More Effective Utilization of Certain Federal Loans and Grants by Encouraging Better Coordinated Local Review of State and Local Applications for such Loans or Grants".)

Title V—Acquisition, Use, and Disposition of Land Within Urban Areas by Federal Agencies in Conformity With Land Utilization Programs of Affected Local Government

This title of H.R. 16718 would amend the Federal Property and Administrative Services Act of 1949 by adding a new Title VIII: Urban Land Utilization. The Department of Health, Education, and Welfare agrees with the objective of this title, which is to facilitate coordination between the Federal Government and local governments and planning bodies (including zoning authorities) in the acquisition, use, and disposition of land for Federal purposes. However, on the method and details of this title, we defer to the Administrator of General Services to whom the primary responsibility would be assigned by this title.

This completes our discussion of the titles of H.R. 16718—which also applies to the similar titles in the other bills. As indicated above, we shall now discuss the additional titles in these other bills.

Congressional Review of Federal Grants-in-Aid to States and to Local Units of Government

(Title V of H.R. 5523, H.R. 5524, and H.R. 5570; Title II of H.R. 599)

This title would attempt to strengthen congressional review of Federal grant-in-aid programs by limiting to 5 years the duration of any grant-in-aid program which is authorized by the 91st or any subsequent Congress and which is given no expiration date, and by requiring the appropriate congressional committees to review prior to its expiration date any grant-in-aid program authorized for 3 or more years. In addition, the Comptroller General would be directed to make continuing studies of all grant-in-aid programs, and the Advisory Commission on Intergovernmental Relations would be required, upon the request of an appropriate congressional committee, to conduct studies of the intergovernmental relations aspects of programs and to report findings and recommendations to such committee (H.R. 5770 only). Recipients of future grants (including those made pursuant to extension, modification, or alteration of existing agreements) would be required to keep certain types of records, such as records disclosing the amount and disposition of grant funds, and such records and related documents would be subject to audit and examination by representatives of the head of each grant agency and of the Comptroller General (H.R. 5770 only; sec. 202 of H.R. 16718 has a similar provision on audit and examination only).

While the automatic termination provision could easily be avoided by providing expiration dates, for programs or by stating in legislation that the programs authorized are not subject to this limitation, we are disturbed by the underlying philosophy of the provision. The mere existence of such a provision seems to suggest that, in the normal case, a Federal grant-in-aid program should not last for more than 5 years. Very few of the programs administered by this Department fit this generalization. At one extreme we have general support programs, such as public assistance, which represent commitments to assist States for an indefinite period of time, and at the other extreme we have demonstration programs which in many instances should and do last less than 5 years.

In between these extremes are programs of greatly varying periods of duration. Each case represents a judgment based on the purpose of the program, its maturity, and the likelihood of changes in circumstances which would require review of the program. This program-by-program method is a far more rational approach to the matter of terminating and reviewing programs than would be the 5-year generalization implicit in this title.

While we favor periodic review of programs—an objective of this title—we believe that this objective can best be fulfilled through strengthening and extending existing congressional and executive methods of evaluating grants and reaching decisions to terminate, modify or expand them. Department of Health, Education, and Welfare grants are, in effect, reviewed by Congress through several methods; the consideration of amendments to authorizing legislation frequently requires a fresh look at the basic laws; the budgeting and appropriation process provides an annual mechanism for the evaluation of the cost, efficiency, and performance of programs. Advisory

councils charged with the comprehensive evaluation of programs have been established by Congress for several major programs.

An alternative to automatic termination of programs which we recommend (and which is included in the administration's higher education proposals) would be a provision that would authorize appropriations for 1 additional year if legislation to extend a limited program has neither been enacted nor rejected by the beginning of the final year of the program's authorization. Such a provision would encourage congressional review of grant-in-aid programs at least 1 year in advance of expiration of program authority. Such a review would be further encouraged by provisions like the new advance funding and leadtime provisions enacted by Public Law 90-247 for the Elementary and Secondary Education Act which require the Department to submit to the substantive and Appropriation Committees an annual evaluation report, and a comprehensive evaluation report in the penultimate year before expiration of the program. (Similar provisions are included in the pending administration bill on higher education.) In addition, Congress not infrequently requires special studies and reports on programs.

No single method and no single timetable is adequate to review all the grant programs of the Department of Health, Education, and Welfare. This is so because of the persistency and complexity of the problems to be combated, the many different types of programs operated by the Department, the varying periods of time it takes new programs to get underway, the long-range commitments which must often be made by 50 State governments and hundreds of their subdivisions in order to participate effectively in the programs, and the length of time it takes to acquire meaningful experience at local, State, and national levels with respect to complex programs and major projects.

In addition, we should like to point out (with respect to H.R. 5770) that the Comptroller General already appears to have adequate authority to review the legality of Federal expenditures. The provisions of this title of the bill might inject him into questions of administration which are a fundamental responsibility of the executive branch, and vesting such a function in the Comptroller General may well duplicate responsibilities of the congressional committees. We should also like to point out that there is an important distinction between technical studies by the Advisory Commission on Intergovernmental Relations and recommendations. The members of the Commission who are in the executive branch cannot be committed through such recommendations to provisions inconsistent with the development of legislation and budgetary programs through the regular executive channels.

With respect to provisions on records and audit (in H.R. 5770), we should like to point out the Department of Health, Education, and Welfare has for decades required the keeping of pertinent records. We are not aware of the need for additional legislation such as that proposed.

In view of the above, we recommend that this title not be enacted.

Consolidation of Grant-In-Aid Programs

(Title VI of H.R. 5523, H.R. 5524, and H.R. 5770; Title V of H.R. 5525)

Under this title, the President would be required to examine the various programs of grants-in-aid to determine what consolidations are necessary or desirable to promote the better execution and efficient management of individual grant programs within the same functional area, to provide better coordination among individual grant programs within the same functional area, or to promote more efficient planning and use by the recipients of grants under programs within the same functional area. If the President finds a consolidation of individual grant-in-aid programs within the same functional area to be necessary or desirable, he would be required to prepare a grant consolidation plan for the making of such consolidation and to transmit the plan to the Congress. The Congress would have 90 days to reject grant consolidation plans; if not so rejected, they would become effective.

While this Department favors the objectives of this title—to decrease the current multiplicity of grant programs with a view to achieving more effective and more efficient use of Federal assistance—we believe that this objective can be better accomplished by other means.

First, we should like to point out that the President already has the authority to propose plans which may transfer functions involving grant-in-aid programs, and this authority is in some respects broader than that provided in this title of the bills. For example, under this title each grant consolidation plan may provide for only one consolidation of individual grant programs. On the other hand, under the Reorganization Act of 1949, the President has the authority to propose plans which may transfer functions involving any number of grant programs.

Second, it is not clear from the language of this title to what extent a grant consolidation plan could change existing statutory requirements. Grant consolidations which go beyond questions of the internal organization of the Executive Branch may involve complex changes in existing substantive laws. However, the title only provides that the consolidation plan transmitted to Congress “shall specify in detail the formula or formulas for the making of grants under the consolidated program . . .” It does not deal with many other types of changes which may be required. All such changes, we believe, are best handled on the case-by-case basis of the regular statutory amendment process.

As you know, steps have been taken to reduce some of the proliferation of categorical grant programs. Our experience has direct bearing on the provisions of this title of the bills. The Department's most extensive efforts to date are incorporated in the partnership for health program authorized by Public Law 89-749 and expanded and extended by Public Law 90-174. Prior to passage of Public Law 89-749, most State health programs were supported through disease-oriented categories of health services. Under the partnership for health program, the categorical restrictions were removed, thus affording the States new flexibility in dealing with the health needs which the States themselves determine to be most pressing and to which they assign

high priorities in their health planning. As a result, a number of States have begun to promote and support health services in areas such as alcoholism and family planning that previously were not supportable under the categorical grant system. Even more important, States are using the planning money available under the act to determine priorities among their health needs and to allocate State and Federal funds accordingly.

As a supplement to the State formula grants, the act authorizes project grants to support services to meet health needs of limited geographical scope or of special regional or national significance. These grants provide a mechanism for directing funds where they are most urgently needed, where they will be used most effectively, and where they will develop new and innovative public health programs which promise the most far-reaching effects. The elimination of categorical restrictions on the project grants has also encouraged the introduction of a wide array of new methods for providing various kinds of health services. Among the new activities are family planning, comprehensive health services development, alcoholism programs, and encouragement of group practice.

In addition to the broad programs mentioned above, project grants are playing an active role in the development of a number of special interest programs, including the model cities program, neighborhood health centers, and other neighborhood services. The Department is coordinating its efforts with other Federal agencies to assure that the planning and service programs in the partnership for health contribute to meeting national health needs as identified through comprehensive State and local planning.

In summary, it is our judgment that the experience we have had with the partnership for health authority—formula and project grants—appears to be highly effective and, we believe, holds great promise for the strengthening of State and Federal relations and for the improvement of the Nation's health.

A second step we are proposing to reduce the number of grant programs in the Department is the Administration's 1968 proposals now under congressional review for amending our vocational education laws.

Title II of the Partnership for Learning and Earning Act of 1968 deals with the consolidation and improvement of existing vocational education programs. The proposed legislation would consolidate existing authority for vocational education programs under the Smith-Hughes and George-Barden Acts, and Vocational Education Act of 1963. The consolidation is proposed in response to the first recommendation of the 1968 Advisory Council on Vocational Education which stated, "Administrative complexities should be reduced by combining all vocational education legislation into one act."

Another significant provision of the Partnership for Learning and Earning Act of 1968 is the removal of the requirement for separate matching purpose by purpose under the Vocational Education Act of 1963. The bill would provide instead for overall statewide matching which would allow more flexibility in that varying proportions of Federal funds could be used in matching State and local funds.

Under present law (the Smith-Hughes Act, the George-Barden Act, and the Vocational Education Act of 1963), 23 purposes are specified, each requiring separate accounting and matching. In addition, within

those 23 categories, there are State percentage expenditure requirements for three of the six purposes in section 4(a) of the Vocational Education Act of 1963. These would be abolished.

Finally, we should like to refer again to H.R. 12631, the Joint Funding Simplification Act of 1968. This bill (H.R. 12631) would provide for procedures which would expedite consideration and approval of projects drawing upon more than one Federal assistance program and would simplify requirements for the operation of those projects. We believe that H.R. 12631 will make a significant contribution to the improvement and simplification of our grant mechanisms, and that H.R. 12631 is a more appropriate vehicle than the title of the bills here under discussion for administrative consolidations for the purpose of improving the use of Federal assistance by States, local governments, and other public and private organizations and agencies.

Uniform Relocation Assistance

(Title VIII of H.R. 5523, H.R. 5524, and H.R. 5770; Title VII of H.R. 5525; Title II of H.R. 624)

This title of the bills would provide for relocation payments and other assistance to displaced persons (defined to include owners of businesses, farmers, families, and others), on a uniform basis, in Federal and federally assisted programs under which real property is acquired. In the case of direct Federal acquisition of real property for public use, part A would require heads of Federal agencies to make fair and reasonable payments, pursuant to regulations established by the President, to reimburse displaced persons for their actual moving and related expenses or, if any displaced person so elects, to make optional fixed payments to such person according to a formula. Relocation assistance programs (i.e., counseling, information, planning, and coordinating activities) would also be made available. While we endorse the objectives of this part, on its details we defer to other agencies which would be more directly involved in the detailed program features.

With respect to federally assisted programs, part B would require, as a condition to the approval of any grant, contract, or agreement with a State agency for Federal financial assistance to pay the cost in connection with the acquisition of real property, or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, that the State agency has agreed to provide to displaced persons for moves from such real property—(a) relocation payments on the same basis as those provided in the case of direct Federal acquisition of real property; (b) relocation assistance programs; and (c) a feasible method for the temporary relocation of displaced families and individuals, and an assurance that decent and sanitary dwellings are available and reasonably accessible to displaced families and individuals. Costs to State agencies providing relocation payments and services would be included as part of the costs of the project for which Federal financial assistance is otherwise available. The State agencies would be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other eligible project costs, except that the Federal agency providing assistance

would contribute (up to) the first \$25,000 of any relocation payment to a displaced person, and no State agency would be required to make a relocation payment to any displaced person of more than \$25,000 in order to receive Federal assistance for relocation payments, or to meet requirements of this part. (For purposes of this title of the bills, the term "State" would include the political subdivisions of a State.)

We believe that, insofar as real property acquisition is concerned, the costs of displacement caused in whole or in part by Government action are, in a very real sense, costs of property acquisition and should be financed in the same manner as the other costs of property acquisition. We also believe that, as a matter of policy, all these costs and assistance should be as uniform as possible. It seems to us desirable that in all direct Federal programs, as well as in State or local programs carried on with the assistance of Federal funds, this principle should be applied. The Department of Health, Education, and Welfare fully supports the principle of (1) making fair and reasonable relocation payments to persons displaced by the acquisition of real property under direct Federal programs, (2) provision of a complete range of relocation services and other assistance for program displacees consistent with need, (3) requiring State and local governments to assume responsibility for relocation payments and services as a condition of participation in federally assisted programs, and (4) contributing to the costs of relocation payments a Federal share proportionate to the percentage of Federal participation in other eligible project costs. This title of the bills, in our view, would meet these overall objectives if it were amended to provide, in the case of federally assisted programs, that the Federal Government share in the cost of relocation payments made by State agencies only to the same extent as other project costs.

In reaching the above conclusion, we are not unmindful of the fact that in certain federally assisted programs, for example, urban renewal, the Federal Government now assumes a higher share of relocation costs than its percentage of participation in the project. On balance, however, recognizing that uniformity is desirable in relocation assistance programs, and on the basis of our experience in the many and varied grant-in-aid programs of this Department, we believe that through the utilization of the particular project formula in relocation costs, the common program goals at the Federal, State, and local levels can be reached while at the same time strengthening what we regard as a basically effective and purposeful working relationship.

Uniform Land Acquisition Policy

(Title IX of H.R. 5523, H.R. 5524, and H.R. 5770; Title VIII of H.R. 5525)

Part A of this title (Federal programs) sets forth certain policies vis-a-vis property owners that are to be followed by Federal agencies in acquiring real property from such owners by purchase or condemnation. For the most part, these policies seem designed to assure fair treatment to the owner and to others in possession of the real property.

Part B would provide that financial assistance to a State agency, or to an agency of a political subdivision of a State, shall not be available to pay for the cost of acquisition of real property, or the cost of a public improvement for which real property is to be acquired, unless such agency agrees to follow certain rules (set forth in part B) that, as in the case of part A, seem designed to assure fair treatment to the owner (and others in possession) of the property to be acquired by such agency by purchase or condemnation. Some of these rules would take effect on January 1, 1970. In part, these provisions are patterned after the land acquisition policy provisions contained in section 402 of the Housing and Urban Development Act of 1965 (Public Law 89-117) which applies to certain programs administered by the Department of Housing and Urban Development. That section, together with certain related sections (secs. 401, 403) of Public Law 89-117, would be repealed effective January 1, 1970.

While we endorse the objectives of this title, on its details we defer, particularly in the case of direct acquisitions, to the General Services Administration and other agencies more frequently involved in such acquisitions.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

WILBUR J. COHEN,
Secretary.

REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

MAY 29, 1968.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR MR. CHAIRMAN: By letter dated May 1, 1968, you requested our comments on H.R. 16718, 90th Congress, the proposed Inter-governmental Cooperation Act of 1968.

The growing size and complexity of Federal grants to State and local governments have presented to an increasing degree difficult problems of administration. While we do not express a substantive opinion with respect to all of the provisions in the bill, the general objective of the bill, designed to simplify and improve the administration of grant-in-aid programs, is one which we fully support.

Section 203 requires Federal agencies administering grant-in-aid programs to schedule the transfer of funds to the recipients so as to minimize the length of time elapsing between such transfer and the disbursement of such funds by the State. This is desirable. However, the last sentence of section 203 would free the States of accountability for interest earned on grant-in-aid funds pending their disbursement for program purposes. This is a broadening of the principle set out in section 205 of the Department of Health, Education and Welfare Appropriation Act, 1965, approved September 19, 1964, Public Law 88-605, 78 Stat. 979, which relieved recipients of certain types of grants of liability to pay to the United States interest earned on payments of such grants made before July 1, 1964. The legislative history of that section is not very extensive. However, it would appear that

at least part of the reason for enacting the cited section was the fact that the Department of Health, Education and Welfare had for years been making excessive advances to grantees without requiring payment of the interest or other income earned thereon and it was considered unfair to the grantee to retroactively require such payment. We believe consideration should be given to deleting the last sentence of section 203 since there appears to be no valid reason for extending this principle for future application.

Section 303 provides that payments received by Federal departments or agencies for furnishing specialized or technical services to a State or political subdivision under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged, or to the current appropriation available for the cost of similar services. We question such procedure on the grounds that appropriations may thereby be augmented without congressional review and approval. We suggest that congressional control would be strengthened if the reimbursements were required to be deposited as miscellaneous receipts of the Treasury and the costs of such services are included in the various budgets and appropriations.

We note that this measure is somewhat similar to H.R. 5523, H.R. 5524 and H.R. 5770, 90th Congress. One difference between this measure and those cited is that the present consideration does not contain provision for congressional review of Federal grants-in-aid to States and local units of government. As stated in our reports dated April 26, 1967, on H.R. 5523, H.R. 5524, and H.R. 5770, we feel that such congressional review would be beneficial not only as an additional device for strengthening congressional control over grants-in-aid but would also afford additional means for acquiring current information as a basis for legislation in the complex and changing area of Federal-State-local relations.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in *italic*):

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949 (40 U.S.C. 471 ET SEQ.)

* * * * *

TITLE VIII—URBAN LAND UTILIZATION

SHORT TITLE

SEC. 801. This title may be cited as the "Federal Urban Land-Use Act".

DECLARATION OF PURPOSE AND POLICY

SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of

land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made to the greatest extent in accordance with planning and development objectives of the local governments and local planning agencies concerned.

DISPOSAL OF URBAN LANDS

SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building the Administrator shall, to the extent he determines practicable—

(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such unit; and

(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

DEFINITIONS

SEC. 803. As used in this title—

(a) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(b) "Urban area" means—

(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

(c) "Comprehensive planning" includes the following, to the extent directly related to the needs of a unit of general local government:

(1) Preparation, as a guide for governmental policies and action, of general plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

(2) Long-range physical and fiscal plans for such action;

(3) Programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

(4) Coordination of all related plans and activities of the State and local governments and agencies concerned; and

(5) Preparation of regulatory and administrative measures in support of the foregoing.



H. R. 18826

[Report No. 1845]

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1968

Mr. BLATNIK (for himself, Mr. HOLIFIELD, Mr. ROSENTHAL, Mrs. DWYER, Mr. ERLNBORN, Mr. BROWN of Ohio, and Mr. EDWARDS of Alabama) introduced the following bill; which was referred to the Committee on Government Operations

AUGUST 2, 1968

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for development assistance, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 *That this Act be cited as the "Intergovernmental Coopera-*
- 4 *tion Act of 1968".*

1 TITLE I—DEFINITIONS

2 When used in this Act—

3 FEDERAL AGENCY

4 SEC. 101. The term “Federal agency” means any de-
5 partment, agency, or instrumentality in the executive branch
6 of the Government and any wholly owned Government cor-
7 poration.

8 STATE

9 SEC. 102. The term “State” means any of the several
10 States of the United States, the District of Columbia, Puerto
11 Rico, any territory or possession of the United States, or any
12 agency or instrumentality of a State, but does not include the
13 governments of the political subdivisions of the State.

14 POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

15 SEC. 103. The term “political subdivision” or “local
16 government” means a local unit of government, including
17 specifically a county, municipality, city, town, township, or
18 a school or other special district created by or pursuant to
19 State law.

20 UNIT OF GENERAL LOCAL GOVERNMENT

21 SEC. 104. “Unit of general local government” means
22 any city, county, town, parish, village, or other general
23 purpose political subdivision of a State.

24 SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

25 SEC. 105. “Special-purpose unit of local government”
26 means any special district, public-purpose corporation, or

1 other strictly limited-purpose political subdivision of a State,
2 but shall not include a school district.

3 GRANT OR GRANT-IN-AID

4 SEC. 106. The term “grant” or “grant-in-aid” means
5 money, or property provided in lieu of money, paid or fur-
6 nished by the United States under a fixed annual or aggre-
7 gate authorization—

8 (A) to a State; or

9 (B) to a political subdivision of a State; or

10 (C) to a beneficiary under a plan or program which
11 is subject to approval by a Federal agency;

12 if such authorization either (i) requires the States or political
13 subdivisions to expend non-Federal funds as a condition for
14 the receipt of money or property from the United States; or

15 (ii) specifies directly, or establishes by means of a formula,
16 the amounts which may be paid or furnished to States or
17 political subdivisions, or the amounts to be allotted for use in

18 each of the States by the States, political subdivisions, or
19 other beneficiaries. The term does not include (1) shared

20 revenues; (2) payments of taxes; (3) payments in lieu of
21 taxes; (4) loans or repayable advances; (5) surplus prop-
22 erty or surplus agricultural commodities furnished as such;

23 (6) payments under research and development contracts or
24 grants which are awarded directly and on similar terms to all
25 qualifying organizations, whether public or private; or (7)

1 payments to States or political subdivisions as full reimburse-
2 ment for the costs incurred in paying benefits or furnishing
3 services to persons entitled thereto under Federal laws.

4 FEDERAL FINANCIAL ASSISTANCE

5 SEC. 107. The term "Federal financial assistance" does
6 not include any annual payment by the United States to the
7 District of Columbia authorized by article VI of the District
8 of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-
9 2501a and 47-2501b).

10 SPECIALIZED OR TECHNICAL SERVICES

11 SEC. 108. "Specialized or technical services" means
12 statistical and other studies and compilations, development
13 projects, technical tests and evaluations, technical informa-
14 tion, training activities, surveys, reports, documents, and any
15 other similar service functions which any department or
16 agency of the executive branch of the Federal Government
17 is especially equipped and authorized by law to perform.

18 COMPREHENSIVE PLANNING

19 SEC. 109. "Comprehensive planning", except in title V,
20 includes the following, to the extent directly related to area
21 needs or needs of a unit of general local government: (A)
22 preparation, as a guide for governmental policies and action,
23 of general plans with respect to (i) the pattern and intensity
24 of land use, (ii) the provision of public facilities (including
25 transportation facilities) and other government services,
26 and (iii) the effective development and utilization of human

1 and natural resources; (B) long-range physical and fiscal
2 plans for such action; (C) programing of capital improve-
3 ments and other major expenditures, based on a determina-
4 tion of relative urgency, together with definitive financing
5 plans for such expenditures in the earlier years of the
6 program; (D) coordination of all related plans and activities
7 of the State and local governments and agencies concerned;
8 and (E) preparation of regulatory and administrative meas-
9 ures in support of the foregoing.

10 HEAD OF AGENCY

11 SEC. 110. The term "head of a Federal agency" or
12 "head of a State agency" includes a duly designated delegate
13 of such agency head.

14 TITLE II—IMPROVED ADMINISTRATION OF
15 GRANTS-IN-AID TO THE STATES

16 FULL INFORMATION ON FUNDS RECEIVED

17 SEC. 201. Any department or agency of the United
18 States Government which administers a program of grants-in-
19 aid to any of the State governments of the United States
20 or to their political subdivisions shall, upon request, notify in
21 writing to the Governor or other official designated by him,
22 and the State legislature, of the purpose and amounts of actual
23 grants-in-aid to the State or to its political subdivisions.

24 DEPOSIT OF GRANTS-IN-AID

25 SEC. 202. No grant-in-aid to a State shall be required by
26 Federal law or administrative regulation to be deposited in a

1 separate bank account apart from other funds administered
2 by the State. All Federal grant-in-aid funds made available
3 to the States shall be properly accounted for as Federal funds
4 in the accounts of the State. In each case the State agency
5 concerned shall render regular authenticated reports to the
6 appropriate Federal agency covering the status and the appli-
7 cation of the funds, the liabilities and obligations on hand,
8 and such other facts as may be required by said Federal
9 agency. The head of the Federal agency and the Comptroller
10 General of the United States or any of their duly authorized
11 representatives shall have access for the purpose of audit and
12 examination to any books, documents, papers, and records
13 that are pertinent to the grant-in-aid received by the States.

14 **SCHEDULING OF FEDERAL TRANSFERS TO THE STATES**

15 **SEC. 203.** Heads of Federal departments and agencies
16 responsible for administering grant-in-aid programs shall
17 schedule the transfer of grant-in-aid funds consistent with
18 program purposes and applicable Treasury regulations, so as
19 to minimize the time elapsing between the transfer of such
20 funds from the United States Treasury and the disbursement
21 thereof by a State, whether such disbursement occurs prior
22 to or subsequent to such transfer of funds.

23 **ELIGIBLE STATE AGENCY**

24 **SEC. 204.** Notwithstanding any other Federal law which
25 provides that a single State agency or multimember board
26 or commission must be established or designated to adminis-

1 ter or supervise the administration of any grant-in-aid pro-
2 gram, the head of any Federal department or agency ad-
3 ministering such program may, upon request of the Gover-
4 nor or other appropriate executive or legislative authority
5 of the State responsible for determining or revising the or-
6 ganizational structure of State government, waive the single
7 State agency or multimember board or commission provision
8 upon adequate showing that such provision prevents the
9 establishment of the most effective and efficient organizational
10 arrangements within the State government and approve
11 other State administrative structure or arrangements: *Pro-*
12 *vided*, That the head of the Federal department or agency
13 determines that the objectives of the Federal statute authoriz-
14 ing the grant-in-aid program will not be endangered by the
15 use of such other State structure or arrangements.

16 TITLE III—PERMITTING FEDERAL DEPART-
17 MENTS AND AGENCIES TO PROVIDE SPECIAL
18 OR TECHNICAL SERVICES TO STATE AND
19 LOCAL UNITS OF GOVERNMENT

20 STATEMENT OF PURPOSE

21 SEC. 301. It is the purpose of this title to encourage in-
22 tergovernmental cooperation in the conduct of specialized
23 or technical services and provision of facilities essential to
24 the administration of State or local governmental activities,
25 many of which are nationwide in scope and financed in part
26 by Federal funds; to enable State or local governments to

1 avoid unnecessary duplication of special service functions;
2 and to authorize all departments and agencies of the execu-
3 tive branch of the Federal Government which do not have
4 such authority to provide reimbursable specialized or tech-
5 nical services to State and local governments.

6 AUTHORITY TO PROVIDE SERVICE

7 SEC. 302. The head of any Federal department or
8 agency is authorized within his discretion, upon written
9 request from a State or political subdivision thereof, to
10 provide specialized or technical services, upon payment, to
11 the department or agency by the unit of government making
12 the request, of salaries and all other identifiable direct or
13 indirect costs of performing such services: *Provided, however,*
14 That such services shall include only those which the Di-
15 rector of the Bureau of the Budget through rules and regu-
16 lations determines Federal departments and agencies have
17 special competence to provide. Such rules and regulations
18 shall be consistent with and in furtherance of the Govern-
19 ment's policy of relying on the private enterprise system to
20 provide those services which are reasonably and expeditiously
21 available through ordinary business channels.

22 REIMBURSEMENT FOR SERVICES

23 SEC. 303. All moneys received by any department or
24 agency of the executive branch of the Federal Government,
25 or any bureau or other administrative division thereof, in
26 payment for furnishing specialized or technical services as

1 authorized under section 302 shall be deposited to miscel-
2 laneous receipts of the Treasury.

3 REPORTS TO CONGRESS

4 SEC. 304. The Secretary of any department or the
5 administrative head of any agency of the executive branch
6 of the Federal Government shall furnish annually to the
7 respective Committees on Government Operations of the
8 Senate and House of Representatives a summary report on
9 the scope of the services provided under the administration
10 of this title.

11 RESERVATION OF EXISTING AUTHORITY

12 SEC. 305. This title is in addition to and does not super-
13 sede any existing authority now possessed by any Federal
14 department or agency with respect to furnishing services,
15 whether on a reimbursable or nonreimbursable basis, to State
16 and local units of government.

17 TITLE IV—COORDINATED INTERGOVERNMEN-
18 TAL POLICY AND ADMINISTRATION OF
19 DEVELOPMENT ASSISTANCE PROGRAMS

20 DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

21 SEC. 401. (a) The economic and social development of
22 the Nation and the achievement of satisfactory levels of living
23 depend upon the sound and orderly development of all areas,
24 both urban and rural. Moreover, in a time of rapid urbaniza-
25 tion, the sound and orderly development of urban communi-

1 ties depends to a large degree upon the social and economic
2 health and the sound development of smaller communities and
3 rural areas. The President may, therefore, establish rules and
4 regulations governing the formulation, evaluation, and review
5 of Federal programs and projects having a significant impact
6 on area and community development, including programs
7 providing Federal assistance to the States and localities, to the
8 end that they shall most effectively serve these basic objec-
9 tives. Such rules and regulations shall provide for full con-
10 sideration of the concurrent achievement of the following
11 specific objectives and, to the extent authorized by law, rea-
12 soned choices shall be made between such objectives when
13 they conflict:

14 (1) Appropriate land uses for housing, commercial,
15 industrial, governmental, institutional, and other pur-
16 poses;

17 (2) Wise development and conservation of natural
18 resources, including land, water, minerals, wildlife, and
19 others;

20 (3) Balanced transportation systems, including
21 highway, air, water, pedestrian, mass transit, and other
22 modes for the movement of people and goods;

23 (4) Adequate outdoor recreation and open space;

24 (5) Protection of areas of unique natural beauty,
25 historical and scientific interest;

1 (6) Properly planned community facilities, includ-
2 ing utilities for the supply of power, water, and com-
3 munications, for the safe disposal of wastes, and for
4 other purposes; and

5 (7) Concern for high standards of design.

6 (b) All viewpoints—national, regional, State, and
7 local—shall, to the extent possible, be fully considered and
8 taken into account in planning Federal or federally assisted
9 development programs and projects. State and local govern-
10 ment objectives, together with the objectives of regional
11 organizations shall be considered and evaluated within a
12 framework of national public objectives, as expressed in
13 Federal law, and available projections of future national con-
14 ditions and needs of regions, States, and localities shall be
15 considered in plan formulation, evaluation, and review.

16 (c) To the maximum extent possible, consistent with
17 national objectives, all Federal aid for development purposes
18 shall be consistent with and further the objectives of State,
19 regional, and local comprehensive planning. Consideration
20 shall be given to all developmental aspects of our total
21 national community, including but not limited to housing,
22 transportation, economic development, natural and human
23 resources development, community facilities, and the general
24 improvement of living environments.

1 (d) Each Federal department and agency administer-
2 ing a development assistance program shall, to the maximum
3 extent practicable, consult with and seek advice from all
4 other significantly affected Federal departments and agencies
5 in an effort to assure fully coordinated programs.

6 (e) Insofar as possible, systematic planning required
7 by individual Federal programs (such as highway construc-
8 tion, urban renewal, and open space) shall be coordinated
9 with and, to the extent authorized by law, made part of
10 comprehensive local and areawide development planning.

11 FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

12 SEC. 402. Where Federal law provides that both special-
13 purpose units of local government and units of general local
14 government are eligible to receive loans or grants-in-aid,
15 heads of Federal departments and agencies shall, in the
16 absence of substantial reasons to the contrary, make such
17 loans or grants-in-aid to units of general local government
18 rather than to special-purpose units of local government.

19 RULES AND REGULATIONS

20 SEC. 403. The Bureau of the Budget or such other
21 agency as may be designated by the President is hereby
22 authorized to prescribe such rules and regulations as are
23 deemed appropriate for the effective administration of this
24 title.

1 TITLE V—ACQUISITION, USE, AND DISPOSITION
2 OF LAND WITHIN URBAN AREAS BY FED-
3 ERAL AGENCIES IN CONFORMITY WITH
4 LAND UTILIZATION PROGRAMS OF AF-
5 FECTED LOCAL GOVERNMENT

6 AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE
7 SERVICES ACT

8 SEC. 501. The Federal Property and Administrative
9 Services Act of 1949, as amended (40 U.S.C. 471 et seq.),
10 is amended by adding at the end thereof a new title as
11 follows:

12 “TITLE VIII—URBAN LAND UTILIZATION

13 “SHORT TITLE

14 “SEC. 801. This title may be cited as the ‘Federal Urban
15 Land-Use Act’.

16 “DECLARATION OF PURPOSE AND POLICY

17 “SEC. 802. It is the purpose of this title to promote more
18 harmonious intergovernmental relations by prescribing uni-
19 form policies and procedures whereby the Administrator
20 shall acquire, use, and dispose of land in urban areas in
21 order that urban land transactions entered into for the Gen-
22 eral Services Administration or on behalf of other Federal
23 agencies shall, to the greatest extent practicable, be con-
24 sistent with zoning and land-use practices and shall be made

1 to the greatest extent in accordance with planning and de-
2 velopment objectives of the local governments and local
3 planning agencies concerned.

4 "DISPOSAL OF URBAN LANDS

5 "SEC. 803. (a) Whenever the Administrator con-
6 templates the disposal for or on behalf of any Federal
7 agency of any real property situated within an urban area,
8 he shall, prior to offering such land for sale, give reasonable
9 notice to the head of the governing body of the unit of
10 general local government having jurisdiction over zoning
11 and land-use regulation in the geographical area within
12 which the land or lands are located in order to afford the
13 government the opportunity of zoning for the use of such
14 land in accordance with local comprehensive planning.

15 "(b) The Administrator, to the greatest practicable
16 extent, shall furnish to all prospective purchasers of such
17 real property, full and complete information concerning—

18 "(1) current zoning regulations and prospective
19 zoning requirements and objectives for such property
20 when it is unzoned; and

21 "(2) current availability to such property of streets,
22 sidewalks, sewers, water, street lights, and other service
23 facilities and prospective availability of such services if
24 such property is included in comprehensive planning.

1 “ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

2 “SEC. 804. (a) To the extent practicable, prior to a
3 commitment to acquire any real property situated in an urban
4 area, the Administrator shall notify the unit of general local
5 government exercising zoning and land-use jurisdiction over
6 the land proposed to be purchased of his intent to acquire
7 such land and the proposed use of the property. In the event
8 that the Administrator determines that such advance notice
9 would have an adverse impact on the proposed purchase, he
10 shall, upon conclusion of the acquisition, immediately notify
11 such local government of the acquisition and the proposed use
12 of the property.

13 “(b) In the acquisition or change of use of any real
14 property situated in an urban area as a site for public build-
15 ing, the Administrator shall, to the extent he determines
16 practicable—

17 “(1) consider all objections made to any such
18 acquisition or change of use by such unit of government
19 upon the ground that the proposed acquisition or change
20 of use conflicts or would conflict with the zoning regula-
21 tions or planning objectives of such unit; and

22 “(2) comply with and conform to such regulations
23 of the unit of general local government having jurisdic-
24 tion with respect to the area within which such property

1 is situated and the planning and development objectives
2 of such local government.

3 “SEC. 805. The procedures prescribed in sections 803
4 and 804 may be waived during any period of national emer-
5 gency proclaimed by the President.

6 “DEFINITIONS

7 “SEC. 806. As used in this title—

8 “(a) ‘Unit of general local government’ means any city,
9 county, town, parish, village, or other general-purpose politi-
10 cal subdivision of a State.

11 “(b) ‘Urban area’ means—

12 “(1) any geographical area within the jurisdic-
13 tion of any incorporated city, town, borough, village,
14 or other unit of general local government, except county
15 or parish, having a population of ten thousand or more
16 inhabitants;

17 “(2) that portion of the geographical area within
18 the jurisdiction of any county, town, township, or simi-
19 lar governmental entity which contains no incorporated
20 unit of general local government but has a population
21 density equal to or exceeding one thousand five hundred
22 inhabitants per square mile; and

23 “(3) that portion of any geographical area having a
24 population density equal to or exceeding one thousand
25 five hundred inhabitants per square mile and situated ad-

1 jacent to the boundary of any incorporated unit of gen-
2 eral local government which has a population of ten
3 thousand or more inhabitants.

4 “(c) ‘Comprehensive planning’ includes the following,
5 to the extent directly related to the needs of a unit of general
6 local government:

7 “(1) Preparation, as a guide for governmental poli-
8 cies and action, of general plans with respect to (A)
9 the pattern and intensity of land use, (B) the provision
10 of public facilities (including transportation facilities)
11 and other governmental services, and (C) the effective
12 development and utilization of human and natural
13 resources;

14 “(2) Long-range physical and fiscal plans for such
15 action;

16 “(3) Programing of capital improvements and
17 other major expenditures, based on a determination of
18 relative urgency, together with definitive financing plans
19 for such expenditures in the earlier years of the program;

20 “(4) Coordination of all related plans and activities
21 of the State and local governments and agencies con-
22 cerned; and

23 “(5) Preparation of regulatory and administrative
24 measures in support of the foregoing.”

A BILL

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for development assistance, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes.

By Mr. BLATNIK, Mr. HOLIFIELD, Mr. ROSENTHAL, Mrs. DWYER, Mr. ERLÉNBOERN, Mr. BROWN of Ohio, and Mr. EDWARDS of Alabama

JULY 23, 1968

Referred to the Committee on Government Operations

AUGUST 2, 1968

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

House Sept 16, 1968

-3-

11. LANDS. Passed without amendment S. 3578, to direct the Secretary of Agriculture to release, on behalf of the U.S., a condition in a deed conveying certain lands to the South Carolina State Commission of Forestry so as to permit such Commission, subject to a certain condition, to exchange such lands. This bill will now be sent to the President. H. R. 18207, a similar bill, passed earlier as reported was tabled. pp. H8665-7
Passed as reported H. R. 17874, to amend the Act providing for the admission of Alaska into the Union in order to extend the time for filing of applications for the selection of certain lands by such State. pp. H8676-7
Passed with amendment (to substitute the language of H. R. 13797) S. 220, to give the Secretary of the Interior the legislative authority to sell certain parcels of land upon which an agricultural trespass has been recently discovered. H. R. 13797, a similar bill, passed earlier as reported was tabled. pp. H8662-3
Passed without amendment S. 3687, to direct the Secretary of Agriculture to release on behalf of the U. S. a condition in a deed conveying certain lands to the State of Ohio. This bill will now be sent to the President. H. R. 18033, a similar bill, passed earlier without amendment was tabled. pp. H8664-5
Passed as reported H. R. 4530, to authorize the Secretary of the Interior to sell at fair market value the mineral estate in lands heretofore or hereafter patented under the Color of Title Act without regard to whether the lands are subject to a mineral lease or mineral withdrawal. p. H8662
12. MILITARY CONSTRUCTION. Conferees were appointed on H. R. 18785, the military construction appropriation bill, 1969. This bill includes funds for payment to the Commodity Credit Corporation on the indebtedness for housing constructed in foreign countries with foreign currencies derived from the sale of surplus commodities. Senate conferees have been appointed. p. H8657
13. INTEREST RATES. Passed under suspension of the rules S. 3133, to extend for two years the authority for more flexible regulation of maximum rates of interest or dividends, higher reserve requirements, and open market operations in agency issues. H. R. 16092, a similar bill, was tabled. pp. H8695-700
14. INTERGOVERNMENTAL COOPERATION. Passed with amendment (to substitute the language of H. R. 18826) S. 698, to strengthen State and local government and improve the relations between those governments and the Federal Government through closer cooperation and coordination of policies and activities, particularly in the administration of Federal grant and loan programs for development assistance and by other means. H. R. 18826, a similar bill, passed earlier under suspension of the rules was tabled. pp. H8705-25
15. FISH PROTEIN. Passed, 218-102, under suspension of the rules S. 3030, to authorize the Secretary of the Interior to develop, through the use of an experiment and demonstration plant, practicable and economic means for the production by the commercial fishing industry of fish protein concentrate. pp. S8725-30

16. IAW. Passed with amendments H. R. 17864, to amend titles 5, 10, and 37 of the U. S. Code so as to incorporate recently enacted amendments. p. H8659
17. GUAM. Passed without amendment S. 3072, to authorize additional funds to complete the rehabilitation of the public sector of Guam from the devastation of World War II, and typhoons in 1962 and 1963. This bill will now be sent to the President. H. R. 16801, passed earlier under suspension of the rules was tabled. pp. H8732-4
18. NEGRO HISTORY. Passed, 263-45, under suspension of the rules H. R. 12962, to provide for the establishment of a Commission on Negro History and Culture. pp. H8745-49
19. FISHERIES. Passed with amendment S. 3866, to extend the provisions of the Commercial Fisheries Research and Development Act of 1964. H. R. 18808, a similar bill passed earlier under suspension of the rules, was tabled. pp. H8749-52
20. RECLAMATION. Passed under suspension of the rules S. 3058, to increase the authorization under title I of the Water Resources Planning Act, which establishes the Water Resources Council and specifies its authorities and responsibilities. p. H8753
Passed under suspension of the rules S. 224, to make nonreimbursable the cost of rehabilitation of the Eklutna Federal hydroelectric power project in Alaska because of damage caused by the earthquake in March 1964. pp. H8759-60
21. BUILDINGS; SAFETY. Rejected 197-136, a motion to suspend the rules and pass H. R. 2567, to require conditions of health and safety in construction using Federal funds. pp. H8687-95
22. PERSONNEL. H. R. 17954, to correct certain inequities and relieve certain liabilities arising out of overpayments to Government employees as a result of administrative error in the application of certain provisions of the Classification Act of 1949, the Federal Employees Salary Act of 1964, and other provisions of law; and H. R. 12881, to authorize the payment of allowances to defray commuting expenses of civilian employees of executive agencies assigned to duty at remote worksites, were passed over without prejudice. p. H8671
23. HUNGER. Rep. Battin criticized the administration of the food distribution programs. p. H8776
24. ROADS. Reps. Poff and Cramer deplored inclusion of cuts in the highway program in the expenditure cuts made necessary by provisions of the Revenue and Expenditure Control Act. pp. H8774-5, H8779-80
25. POVERTY. Rep. Steiger called for oversight to prevent "wide-scale diversion and dissipation of antipowerty funds." p. H8774

The question was taken; and there were—yeas 328, nays 4, not voting 99, as follows:

[Roll No. 326]
YEAS—328

Abbutt	Findley	MacGregor
Abernethy	Fino	Machen
Addabbo	Flood	Mahon
Albert	Flynt	Mailliard
Anderson, Ill.	Foley	Marsh
Andrews, Ala.	Ford	Martin
Andrews,	William D.	Matsunaga
N. Dak.	Fountain	Mayne
Annunzio	Fraser	Meeds
Arends	Frelinghuysen	Meskill
Aspinall	Friedel	Michel
Ayres	Fulton, Pa.	Miller, Ohio
Barrett	Fulton, Tenn.	Mills
Bates	Fuqua	Minish
Battin	Galifianakis	Mink
Belcher	Gallagher	Mize
Bell	Gardner	Monagan
Bennett	Garmatz	Montgomery
Berry	Gathings	Moorhead
Betts	Gibbons	Morgan
Blester	Gilbert	Morris, N. Mex.
Bingham	Gonzalez	Morse, Mass.
Blanton	Goodling	Mosher
Bow	Gray	Moss
Brademas	Green, Pa.	Murphy, Ill.
Brasco	Griffin	Murphy, N.Y.
Bray	Gross	Natcher
Brinkley	Grover	Nedzi
Brook	Gubser	Nichols
Brooks	Gude	O'Hara, Ill.
Brotzman	Hagan	O'Hara, Mich.
Brown, Mich.	Haley	O'Konski
Broyhill, N.C.	Hall	O'Neal, Ga.
Broyhill, Va.	Halleck	Ottinger
Buchanan	Halpern	Passman
Burke, Fla.	Hamilton	Patman
Burke, Mass.	Hammer	Patten
Burleson	schmidt	Pelly
Burton, Calif.	Hanley	Pepper
Burton, Utah	Hansen, Wash.	Perkins
Button	Hardy	Pike
Byrne, Pa.	Harrison	Pirnie
Byrnes, Wis.	Harsha	Poage
Cahill	Harvey	Poff
Carey	Hathaway	Pollock
Carter	Hays	Price, Ill.
Cederberg	Hechler, W. Va.	Price, Tex.
Chamberlain	Heckler, Mass.	Pryor
Clancy	Helstoski	Pucinski
Clark	Herlong	Purcell
Clausen,	Holifield	Quie
Don H.	Horton	Quillen
Cleveland	Hosmer	Railsback
Cohelan	Howard	Randall
Collier	Hull	Reid, Ill.
Colmer	Hungate	Reid, N.Y.
Conable	Hunt	Reifel
Conte	Hutchinson	Reinecke
Corbett	Irwin	Reuss
Corman	Jarman	Rhodes, Pa.
Cowger	Joelson	Riegle
Cramer	Johnson, Calif.	Roberts
Culver	Johnson, Pa.	Robison
Cunningham	Jones, Ala.	Rodino
Daniels	Jones, Mo.	Rogers, Colo.
Davis, Ga.	Jones, N.C.	Rogers, Fla.
Davis, Wis.	Karth	Ronan
de la Garza	Kastenmeier	Rooney, N.Y.
Delaney	Kazen	Rooney, Pa.
Dellenback	Kee	Rosenthal
Denney	Keith	Rostenkowski
Dent	Kelly	Roth
Derwinski	King, N.Y.	Roush
Devine	Kirwan	Rumsfeld
Dickinson	Kleppe	Ruppe
Diggs	Kluczynski	Ryan
Dingell	Kornegay	St Germain
Dole	Kuykendall	Sandman
Dorn	Kyl	Saylor
Dowdy	Kyros	Schadeberg
Downing	Laird	Scherle
Dulski	Latta	Scheuer
Duncan	Lennon	Schneebell
Dwyer	Lipscomb	Schwengel
Edmondson	Long, Md.	Scott
Edwards, Ala.	Lukens	Selden
Edwards, Calif.	McCarthy	Shipley
Edwards, La.	McCloskey	Shriver
Eshleman	McClure	Sikes
Evans, Colo.	McDade	Slack
Everett	McDonald,	Smith, Calif.
Fallon	Mich.	Smith, Iowa
Farbstein	McEwen	Snyder
Fasell	McFall	Springer
Feighan	McMillan	Stafford

Staggers
Stanton
Steiger, Ariz.
Steiger, Wis.
Stratton
Stubblefield
Stuckey
Sullivan
Taft
Talcott
Taylor
Teague, Calif.
Teague, Tex.
Tenzer
Thomson, Wis.
Tiernan
Tunney

Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vigorito
Waggoner
Waldie
Walker
Wampler
Watkins
Watson
Whalen
Whalley
White
Whitener
Whitten

Widnall
Williams, Pa.
Wilson, Bob
Wilson,
Charles H.
Winn
Wolff
Wyatt
Wylder
Wyllie
Wyman
Young
Zablocki
Zion
Zwach

NAYS—4

Erlenborn
McClory

Myers

Smith, N.Y.

NOT VOTING—99

Adair
Adams
Anderson,
Tenn.
Ashbrook
Ashley
Ashmore
Baring
Bevill
Blackburn
Blatnik
Boggs
Boland
Bolling
Bolton
Bloomfield
Brown, Calif.
Brown, Ohio
Bush
Cabell
Casey
Celler
Clawson, Del.
Collins
Conyers
Curtis
Daddario
Dawson
Donohue
Dow
Eckhardt
Eilberg
Esch
Evins, Tenn.

Fisher
Ford, Gerald R.
Gettys
Glaimo
Green, Oreg.
Griffiths
Gurney
Hanna
Hansen, Idaho
Hawkins
Hébert
Henderson
Hicks
Ichord
Jacobs
Jonas
Karsten
King, Calif.
Kupferman
Landrum
Langen
Leggett
Lloyd
Long, La.
McCulloch
Macdonald,
Mass.
Madden
Mathias, Calif.
Mathias, Md.
May
Miller, Calif.
Minshall
Moore

Morton
Nelsen
Nix
Olsen
O'Neill, Mass.
Pettis
Philbin
Pickle
Podell
Rarick
Rees
Resnick
Rhodes, Ariz.
Rivers
Roudebush
Roybal
St. Onge
Satterfield
Schweiker
Sisk
Skubitz
Smith, Okla.
Steed
Stephens
Thompson, Ga.
Thompson, N.J.
Tuck
Utt
Watts
Wiggins
Willis
Wright
Yates

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Adair.
Mr. Madden with Mrs. Bolton.
Mr. O'Neill of Massachusetts with Mr. Gerald R. Ford.
Mr. Philbin with Mr. Jonas.
Mr. Donohue with Mr. Del Clawson.
Mr. Boland with Mrs. May.
Mr. Leggett with Mr. Morton.
Mr. Eilberg with Mr. Ashbrook.
Mr. Evins of Tennessee with Mr. Mathias of Maryland.
Mr. Glaimo with Mr. Broomfield.
Mr. St. Onge with Mr. Nelsen.
Mr. Daddario with Mr. McCulloch.
Mr. Celler with Mr. Langen.
Mr. Ashmore with Mr. Pettis.
Mr. Adams with Mr. Minshall.
Mr. Macdonald of Massachusetts with Mr. Rhodes of Arizona.
Mr. Miller of California with Mr. Brown of Ohio.
Mr. King of California with Mr. Roudebush.
Mr. Cabell with Mr. Schweiker.
Mr. Satterfield with Mr. Skubitz.
Mr. Gettys with Mr. Esch.
Mr. Rivers with Mr. Utt.
Mr. Fisher with Mr. Lloyd.
Mr. Casey with Mr. Smith of Oklahoma.
Mr. Anderson of Tennessee with Mr. Blackburn.
Mr. Bevill with Mr. Thompson of Georgia.
Mr. Blatnik with Mr. Bush.
Mr. Pickle with Mr. Moore.

Mr. Podell with Mr. Kupferman.
Mr. Roybal with Mr. Wiggins.
Mr. Steed with Mr. Collins.
Mr. Conyers with Mr. Mathias of Maryland.
Mr. Thompson of New Jersey with Mr. Rees.
Mr. Henderson with Mr. Gurney.
Mr. Tuck with Mr. Curtis.
Mr. Wright with Mr. Hansen of Idaho.
Mr. Long of Louisiana with Mr. Landrum.
Mr. Ichord with Mr. Jacobs.
Mr. Ashley with Mr. Dawson.
Mr. Brown of California with Mr. Nix.
Mr. Dow with Mr. Resnick.
Mr. Karsten with Mr. Watts.
Mr. Willis with Mr. Yates.
Mr. Eckhardt with Mr. Baring.
Mr. Boggs with Mr. Olsen.
Mrs. Griffiths with Mr. Rarick.
Mr. Hicks with Mr. Hanna.
Mr. Hawkins with Mrs. Green of Oregon.
Mr. Sisk with Mr. Stephens.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. ROGERS of Colorado. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks in connection with passage of S. 1440.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

INTERGOVERNMENTAL COOPERATION ACT OF 1968

Mr. REUSS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 18826), to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for development assistance, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes.

The Clerk read as follows:

H.R. 18826

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Intergovernmental Cooperation Act of 1968".

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

Sec. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation.

STATE

Sec. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State,

but does not include the governments of the political subdivisions of the State.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a plan or program which is subject to approval by a Federal agency;

If such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL FINANCIAL ASSISTANCE

SEC. 107. The term "Federal financial assistance" does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which any department or agency of the executive branch of the Federal Government is especially equipped and authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning", except in title V, includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action;

(C) programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned, and (E) preparation of regulatory and administrative measures in support of the foregoing.

HEAD OF AGENCY

SEC. 110. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing to the Governor or other official designated by him, and the State legislature, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency. The head of the Federal agency and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to the grant-in-aid received by the States.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency administering such program may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organizational arrangements within the State government and approve other State administrative structure or arrangements; *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The head of any Federal department or agency is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment, to the department or agency by the unit of government making the request, of salaries and all other identifiable direct or indirect costs of performing such services: *Provided*, however, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations determines Federal departments and agencies have special competence to provide. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT FOR SERVICES

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to miscellaneous receipts of the Treasury.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President may, therefore, establish rules and regulations governing the formulation, evaluation, and review of Federal programs

and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

- (1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;
 - (2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;
 - (3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;
 - (4) Adequate outdoor recreation and open space;
 - (5) Protection of areas of unique natural beauty, historical and scientific interest;
 - (6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and
 - (7) Concern for high standards of design.
- (b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. State and local government objectives, together with the objectives of regional organizations shall be considered and evaluated within a framework of national public objectives, as expressed in Federal law, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and, to the extent authorized by law, made part of comprehensive local and areawide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 501. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION "SHORT TITLE

"SEC. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made to the greatest extent in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal of or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such unit; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) Preparation, as a guide for governmental policies and action, of general plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

"(2) Long-range physical and fiscal plans for such action;

"(3) Programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

"(4) Coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(5) Preparation of regulatory and administrative measures in support of the foregoing."

The SPEAKER. Is a second demanded?

Mr. ERLNBORN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Wisconsin is recognized for 20 minutes.

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. REUSS. Mr. Speaker, the Intergovernmental Cooperation Act of 1968 aims, first, to strengthen State and local government and, second, to improve the relations between those governments and the Federal Government.

H.R. 18826 is a clean bill succeeding H.R. 16718. It comes from the Committee on Government Operations with bipartisan sponsorship and a unanimous vote. The hearings held by our Subcommittee on Executive and Legislative Reorgani-

zation revealed wide support for the measure from Governors, mayors, State and local officials, and professional and civic organizations throughout the country. The bill is based on a proposal submitted to the Congress by the Advisory Commission on Intergovernmental Relations which contains within its membership our distinguished colleagues, Congresswoman FLORENCE P. DWYER, of New Jersey, Congressman L. H. FOUNTAIN, of North Carolina, and Congressman AL ULLMAN, of Oregon.

The bill has five titles, the first of which contains definitions. The four substantive titles treat topics which have been either an irritant to the relations between the National Government and other units of our federal system or are designed to enhance the status of our State and local governments to approach the ideal that so many have desired.

A major problem today lies in the present proliferation of Federal grants-in-aid programs to State and local governments. There are now over 400 separate categorical authorizations for such programs. These grants are administered by 18 Federal departments and agencies and amount to more than \$20.3 billion for fiscal year 1969. Our hearings showed that the expansion in the number, variety and eligible recipients of grant programs has generated serious management difficulties, including disjointed planning efforts and rigid and frequently conflicting administrative and other requirements. Enactment of H.R. 18826 should substantially assist in correcting these problems. I will briefly explain its provisions.

The first substantive title—title II—calls for improved administration of grants-in-aid to the States. It directs Federal agencies, upon request, to give full information to the Governors and State legislatures on grants to their States and political subdivisions, thereby providing necessary data upon which to finance and administer cooperative programs under Federal grants-in-aid. It would improve the scheduling of Federal fund transfers to the States and permit the States to budget Federal grant funds in much the same manner as they budget other revenues. This would assure the expeditious furnishing of Federal grant funds through the letter-of-credit procedure recently introduced. In addition, it would relieve the States from unnecessary and outmoded accounting procedures now in effect and the maintenance of separate bank accounts while protecting the right of the executive branch and the Comptroller General to audit these accounts. Finally, title II would permit the head of a Federal agency to waive the single State agency requirement now in many Federal grant programs so that the reorganization and modernization of State government structures may be facilitated.

Title III would permit Federal departments and agencies to provide technical and specialized assistance to State and local governments on a reimbursable basis but without competing with private enterprise or rescinding any such authority now possessed by any Federal agency with or without reimbursement.

This title recognizes that certain categories of specialized personnel and equipment are in short supply at the State and local levels and that direct efforts to procure them can be costly and duplicative. Under this title, the head of any Federal agency providing such services would be required to report annually on the scope of the services rendered to the Committees on Government Operations of the Senate and House of Representatives.

Title IV is designed to provide coordination on the Federal level of the sometime numerous separate assistance programs and funds which may be focused on a given urban or rural community by various Federal agencies. These programs, though beneficial to the areas they serve, are frequently duplicating, overlapping and sometimes in conflict with each other. Such administration can create severe confusion and have an ill effect on the recipient local government and its future development. Accordingly, the President is given discretionary authority to establish rules and regulations governing Federal programs and projects to the end that they most effectively serve certain stated objectives considered important to healthful living and orderly community development. The title further requires that all viewpoints and objectives—national, regional, State, and local—to the extent possible, be considered when Federal development projects are being planned. Federal aid, to the maximum extent possible, shall be consistent with the objectives of State, regional, and local comprehensive planning. Each Federal department and agency administering a development assistance program must consult with and seek advice from other significantly affected Federal agencies in an effort to assure fully coordinated programs. Insofar as possible, Federal planning shall be coordinated with and made a part of local and areawide development planning. Furthermore, in order to strengthen general local government, Federal agencies in making loans or grants should give preference to cities, counties and townships over special-purpose units. This title originally applied only to Federal programs in urban areas but was expanded by the committee to include rural areas where many of the same problems in administration of Federal assistance exist.

Title V provides that in order to promote more harmonious intergovernmental relations, Federal land within urban areas will be acquired, used and disposed of in conformity with land utilization programs of the affected local governments. The General Services Administration, prior to the disposal of land in urban areas, will give notice to the local zoning authority so that the land may be zoned in accordance with local comprehensive planning objectives, unless GSA deems such advance notice will have an adverse impact on the proposed transaction. The GSA is to consider objections made by local governments and, to the extent practicable, comply with local zoning regulations and planning objectives.

This bill represents a set of practical steps forward in the vital field of intergovernmental relations. It deserves approval.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I am glad to yield to the gentleman from Missouri [Mr. HALL].

Mr. HALL. Is it true, Mr. Speaker, that this is similar to a bill which has already passed in the other body, except that this is, so to speak, a "bare bones" bill, and that the plan is to accept the other body's bill in the conference?

Mr. REUSS. No. That is in part not fact. It is true that this is a bare-bones bill.

If I may finish, it is true that in the other body there is a bill which, in addition to the provisions of our bill here today, contains provisions for relocation aids and also for land acquisition. It is my understanding that those subject matters are now before our own House Committee on Public Works. In the judgment of the gentleman from Wisconsin, that is a proper jurisdiction and a proper place for them. Therefore, it would be the purpose of the conferees on the part of the House to protect the House measure, the bare-bones measure. Speaking purely for myself, if I am a conferee, I would be very zealous to protect the House, because I believe that those extraneous provisions in the other body are better left to the appropriate legislative committee here in the House.

Mr. HALL. Mr. Speaker, if the gentleman will yield further?

Mr. REUSS. I yield to the gentleman from Missouri.

Mr. HALL. I appreciate his statement and, of course, expect that he will be a conferee, but it is because of my interest in land acquisition in general and not just in urban areas but all Federal takings of land, whatever may be the purpose, that I ask the question. I certainly hope that the gentleman will uphold the jurisdiction of the House and of our proper committee.

Mr. REUSS. As I said, I believe the question of land acquisition is so complex that it should not be subjected to House consideration within the narrow limits of a conference.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield to the gentleman.

Mr. DON H. CLAUSEN. Following the inference of the gentleman in the well, do I take it from you it is your position as a prospective conferee that you will recognize the jurisdiction of the Committee on Public Works and you will not involve yourself in this question of land acquisition or policy until such time as the Committee on Public Works takes specific action on this?

Mr. REUSS. That is correct. Speaking for myself—and I am the only one I can speak for—it would be my view that the House conferees ought to hold fast on the House version and not admit the broader and somewhat irrelevant provisions of the Senate bill.

Mr. DON H. CLAUSEN. I am glad to have the assurance of the gentleman, because we are going into this in depth in our committee, and I am sure the sen-

timent is shared on both sides of the aisle.

Mr. WALDIE. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I am glad to yield to the gentleman.

Mr. WALDIE. May I similarly join with my colleagues in expressing the gratitude that I am sure all of the members of the House Committee on Public Works have for your assurances relative to your desire to uphold the position of the Committee on Public Works of the House on this bill. We are presently engaging in hearings. There are extremely important matters which we feel should not be included in the present bill, and these include one which I personally support and which I presented to the committee involving condemnation in my district at the present time. I hope the gentleman is able to persuade the other members of the conference committee to follow the course of action that he suggested, and I wish to congratulate the gentleman on his position.

Mr. RANDALL. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Missouri.

(Mr. RANDALL asked and was given permission to revise and extend his remarks.)

Mr. RANDALL. I thank the gentleman for yielding.

Mr. Speaker, I wish to congratulate the full committee and particularly this subcommittee for bringing this bill to the floor of the House today.

This past weekend I was in the congressional district which it is my privilege to represent. I was honored to be the main speaker at the dedication of a city hall at Blue Springs, Mo.

My remarks emphasized there must be a productive, working partnership between the States and their subdivisions upon the one hand and our Federal Government upon the other. I went on to observe that the idea must be discarded or rejected that the governmental authority of the Federal Government is an absolute quantity.

During these remarks I predicted that this measure known as the Intergovernmental Cooperation Act might or could be considered before we adjourn, but I had no way of knowing that it would be on the Suspense Calendar and considered under suspension of the rules within just a matter of a day after I had made the prediction.

In the course of my comments I pointed out the need for such an act to the end that fiscal arrangements could be worked out for those grants-in-aid programs between the Federal Government and the State and local governments in order that each might become true partners or equal partners with Washington and not "little brothers." I went on to point out that even with the seemingly ever-expanding power of the Federal Government, measures must be taken to permit and encourage a diversity of local solutions tailored to local problems at the State or local level.

It is encouraging to note this bill requires that the Governor of a State and the State legislature be informed by the

applicable Federal agency at any time grants-in-aid are channeled into the State or any of its subdivisions. There is also a wise provision that Federal funds will be transferred to the receiving State in accordance with the local needs so as to minimize the time elapsing between transfer of such funds and their disbursement by the State. Equally helpful should be the provision which permits the Federal Government to provide specialized and technical services to the State and local governments and be reimbursed for the cost of such services. This should make available techniques and expertise which the Federal Government now has that would be of great benefit to the States and local communities.

Title IV will provide for coordination on the Federal level where there are numerous separate assistance programs going to a given community by various Federal agencies. This should prevent duplicating and overlapping.

In the district of one of our colleagues from the West, my good friend, the Member who represents that area, tells me that in his congressional district there are as many as seven different Federal agencies acquiring land and each in a different method and following a different procedure, including National Parks, Bureau of Reclamation, Bureau of Public Road, Rural Electrification Administration, and others.

There are so many good provisions about this bill that I shall not take the time to describe them in a section-by-section analysis except to say it is my judgment this bill will result in an improved administration of grants-in-aid to the States and should serve to coordinate insofar as possible Federal planning with local and areawide development planning. I rise in support of the bill and hope it will be passed by much more than the necessary two-thirds majority.

Mr. ERLNBORN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. ERLNBORN asked and was given permission to revise and extend his remarks.)

Mr. ERLNBORN. Mr. Speaker, we hear much talk about the need to strengthen State and local governments in order to reduce the dominance of the Federal bureaucracy and to enable the wants and needs of the people to be better cared for by those units of government closer to and more understanding of these wants and needs. In spite of such talk, however, little has actually been done to strengthen intergovernmental relations. The Federal Government becomes more dominant, State and local authority grows weaker, and individuals become more dependent on Federal activities.

Enactment of this bill will constitute a first step toward readjusting this imbalance, by, first, supplying greater information to the States regarding grant-in-aid programs—thereby improving local administration of such funds; second, enabling State and local governments to obtain necessary special and technical services; third, providing for improved coordination of Federal pro-

grams within the Federal Establishment and between Federal, State, and local governments; and, fourth, requiring the Federal Government to acquire or dispose of Federal real property in conformity with local zoning laws.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

Over a thousand specific grant-in-aid programs are administered by Federal agencies. No one knows exactly how many programs there are, what their provisions and requirements are, who is entitled to receive the funds, under what conditions, and so forth. Frequently, the Governors and legislatures of the States are particularly at a loss as to what funds are available and who is receiving them—funds often being disbursed directly from Federal agencies to local units of government. In addition, requirements are frequently imposed by the Federal Government that States must maintain separate bank accounts for receipt of Federal funds—a requirement which greatly increases the costs, burden, paperwork and ineffectiveness of States in administering their operations without any additional fiduciary safeguards being afforded the Federal Government.

In consequence, title II provides that Governors, other executive officials, and State legislatures shall, upon request, be notified in writing of the purpose and amounts of grant-in-aid funds disbursed to States or political subdivisions. In addition, such funds may be deposited in State bank accounts together with other State funds so long as proper accounts are maintained showing the status of the Federal funds. To prevent States from gaining an unfair advantage through earning interest on Federal funds, so deposited, such funds shall be transferred to States so as to minimize the timelapse between transfer and disbursement.

Finally, title II, seeks to enable State governments to better develop efficient and effective organizational arrangements. Under many existing Federal grant-in-aid laws, such funds must be distributed to a specifically named State agency. This has the effect of hindering State efforts in developing improved reorganizations as has frequently occurred at the Federal level. The title provides that a Federal agency, upon the request of a Governor or other appropriate State officials, may waive the single State agency requirement and disburse such funds to an agency designated by the State provided that such transfer does not endanger the objectives of the Federal grant-in-aid program.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

Increasingly today, the effective administration of State and local governments requires the utilization of special and technical services such as statistical studies, technical tests and evaluation, surveys, and training activities. The costs of developing such services, however, together with the scarcity of trained personnel capable of rendering them are frequently so great that State and local units of government are effectively precluded from developing them. This

greatly hinders the sound and orderly development of strong and efficient State and local governments and thereby precludes the transfer or assumption of many governmental responsibilities at the State or local levels which are now or may be centered at the Federal level.

Title III seeks to correct the imbalance by providing that State and local governments may obtain such services from Federal agencies upon payment of all direct and indirect costs. Funds received by Federal agencies in return for such services, shall be deposited in the Treasury. Further, no such services shall be made available by Federal agencies which can better be performed by private enterprise.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

There are over a thousand grant-in-aid programs today and an additional large number of Federal development programs. Many of these programs have different requirements as to objectives and administration. To the States and local governments—not to mention the Federal agencies involved—this lack of uniformity and consistency can impede efforts of effective social and economic development on a sound and orderly basis, of urban and rural communities.

To overcome this, title IV provides that the President may issue rules and regulations for the concurrent achievement of the following objectives and, to the extent authorized by Congress through law, may require reasoned choices to be made among such objectives: First, appropriate land uses; second, development and conservation of natural resources; third, balanced transportation systems; fourth, adequate outdoor recreation and open space; fifth, protection of areas of natural beauty, historic and scientific interest; sixth, properly planned community facilities, and seventh, concern for high standards of design.

In planning programs, Federal agencies shall consider National, State, regional, and local viewpoints. State, regional, and local objectives shall be considered and evaluated within the framework of national public objectives—as expressed by Congress through Federal law.

To the maximum extent possible, Federal agencies administering related or complementary projects or programs are directed to consult fully among themselves and coordinate their efforts to the end that urban and rural interests are best served.

Wherever possible, and in the absence of substantial reasons to the contrary, units of general local government are to receive grant funds in preference to special-purpose units of local government in order to facilitate the improved and better coordinated administration of these programs at the local level.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENTS

Frequently, the Federal Government acquires, uses, or disposes of Federal real property in a manner which conflicts with the development plans of local gov-

ernment so that local government is hindered from planning and developing areas most beneficial to the social and economic needs of its residents.

Title V requires, therefore, that Federal agencies shall, to the greatest extent practicable, acquire, use, or dispose of land in urban areas consistent with zoning and land-use practices of local government. Local governments shall be afforded notice of Federal agency plans for acquisition or disposal in order to properly zone such property and prospective purchasers shall be notified of the zoning requirements at time of disposition.

I think we are all in favor of these objectives. I agree with the gentleman from Wisconsin as a cosponsor of this bill and as the ranking minority member of the subcommittee which reported this bill that we will—if I am a conferee and I have talked to the other members that I expect on our side who might be conferees—we would protect the House version of the bill. We considered when we drafted the bill whether we would put in the relocation payment section and the periodic review of the grants-in-aid provision, but we decided this was not a proper subject matter to be incorporated in this bill at the present time. We have made that decision and I am certain that members of our committee who are conferees will stick with that decision.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. ERLÉN BORN. I yield to the gentleman from California.

(Mr. DON H. CLAUSEN asked and was given permission to revise and extend his remarks.)

Mr. DON H. CLAUSEN. Mr. Speaker, I thank the gentleman for yielding.

I am pleased to have the assurance from the gentleman with respect to the question that I asked of the gentleman from Wisconsin [Mr. REUSS] earlier during this debate. It is gratifying to know that we will have bipartisan support for upholding the position of the House and giving the Committee on Public Works jurisdiction over this important matter.

Mr. Speaker, I am pleased to once again put myself on record in support of legislation designed to improve the coordination and cooperation of activities among the three levels of government of our Federal system.

This Intergovernmental Cooperation Act of 1968 should develop a trend toward some desperately needed efficiency in the administration of federally assisted programs. To permit the provision of reimbursable technical services so vitally needed in State and local governments is a step toward the positive program of decentralization concept some of us believe in so strongly.

We must work toward strengthening the ability of our State and local units of government to meet and administer the services and programs being requested today in our increasingly complex society.

In addition to improving the intergovernmental organizational structure, as is the intent of this bill, we must take the next and most important step of tax revision among the various levels, with the

single purpose of returning independent tax sources to State and local governments, thereby permitting each to become more self-sufficient in meeting their own State and home rule responsibilities.

This legislation is very similar to the objectives of legislation I introduced earlier this year and was referred to our Public Works Committee. This "positive program of decentralization" legislation that I authored was specifically designed to check and hopefully reverse the migratory trend of our population from rural America to urban America, thus creating seriously overcrowded conditions and adding to the pressures and tensions of our frustrated society.

I am pleased to support my colleague on the Public Works Committee, the gentleman from Minnesota [Mr. BLATNIK], and the members of the Government Operations Committee in advancing this legislation which closely parallels my reverse migration bill that I had earlier discussed with the gentleman from Minnesota [Mr. BLATNIK]. It is gratifying to see this progress during this session of the Congress which will enable the next President of the United States to implement its contents and recommendations.

At this point, I want to insert the contents of my bill, H.R. 18896, and the contents of H.R. 18826 so that my colleagues will note their similarity:

H.R. 18896

A bill to provide for a study of the need for increased expenditures for public works in smaller urban areas as a means of reversing the migratory trend toward large metropolitan areas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress has recognized that the increasing growth of large metropolitan areas creates serious economic and social problems and has provided large sums of money to improve condition within large metropolitan areas. The Congress further recognizes that the expenditure of large amounts of public funds to improve conditions in large metropolitan areas may have reached the point of diminishing returns, because further such expenditures may result in increasing migration into such areas causing greater growth, and consequently greater problems.

It is declared to be the purpose and intent of the Congress to determine whether or not a program of public works within smaller urban places may help to solve the economic and social problems of the Nation, including large metropolitan areas, by reducing or reversing the trend toward migration to large metropolitan areas by improving conditions within smaller urban places. Since the problems and needs of the various regions, States, areas and places within the Nation vary widely, it is the purpose of this Act to obtain information on the basis of which the Congress may make a determination and provide for the most effective use of public funds.

SEC. 2. The Secretary of Commerce shall request the Governor of each State to conduct a study and investigation and submit a report to him concerning the need for, and probable effectiveness of, increased expenditures for public works within urban places in the State to reduce or reverse the trend of persons and commercial and industrial enterprises to migrate to large metropolitan areas within or outside the State.

SEC. 3. (a). The Governor of any State who responds to the request of the Secretary of Commerce shall conduct a study and investi-

gation, and shall submit a report, including his findings and recommendations, to the Secretary of Commerce not later than September 1, 1969.

(b) Any study, investigation, and report undertaken pursuant to this section shall include consideration of—

(1) the urban places within the State which have the greatest potential for economic growth and whose economic growth would best promote the economy of surrounding areas;

(2) the urban places within the State which are suffering a lower than average growth in population, median family income, and expansion of existing or location of new commercial or industrial enterprise; and

(3) the urban places within the State whose economic growth would be best promoted by increased expenditures for specific public works, including, but not limited to, expenditures for the construction or improvement of highways, airports, and other transportation facilities, sewage treatment facilities, water conservation and flood control measures, river and harbor projects, public buildings and grounds, and other public works.

SEC. 4. After reviewing the reports of the Governors submitted pursuant to this Act, and conducting such further investigations and studies as he deems necessary, which he is hereby authorized to undertake, the Secretary of Commerce shall submit a report containing his findings and recommendations to the Congress. Such report shall be accompanied by the report of each of the responding States, and shall be submitted to the Congress not later than January 10, 1970.

SEC. 5. (a) Funds made available to carry out this Act may be used to pay the administrative expenses of the Secretary of Commerce and not to exceed 50 per centum of the cost of studies, investigations, and reports conducted and submitted pursuant to this Act by the Governors of the States.

(b) After deducting such sum as he deems necessary, not to exceed \$2,000,000, for the administration of this Act, the Secretary of Commerce shall apportion funds authorized to be appropriated to carry out this Act among the several States in the ratio that the number of urban places in each State bears to the number of urban places in all the States, except that no State shall be apportioned less than \$100,000 nor more than \$1,000,000.

(c) There is hereby authorized to be appropriated not to exceed the sum of \$20,000,000, to be available until expended, to carry out this Act.

SEC. 6. As used in this Act—

(a) "State" means each of the fifty States and Puerto Rico.

(b) "Urban place" means any place (incorporated or unincorporated) having a population of more than two thousand five hundred and less than one hundred thousand, as determined by the latest available census figures.

H.R. 18826

A bill to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated inter-governmental policy and administration of grants and loans for development assistance, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That this Act be cited as the "Intergovernmental Cooperation Act of 1968".

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation.

STATE

SEC. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a plan or program which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL FINANCIAL ASSISTANCE

SEC. 107. The term "Federal financial assistance" does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service func-

tions which any department or agency of the executive branch of the Federal Government is especially equipped and authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning", except in title V, includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulator and administrative measures in support of the foregoing.

HEAD OF AGENCY

SEC. 110. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivision shall, upon request, notify in writing to the Governor or other official designated by him, and the State legislature, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency. The head of the Federal agency and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to the grant-in-aid received by the States.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Fed-

eral department or agency administering such program may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organizational arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

Sec. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

Sec. 302. The head of any Federal department or agency is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment, to the department or agency by the unit of government making the request, of salaries and all other identifiable direct or indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations determines Federal departments and agencies have special competence to provide. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT FOR SERVICES

Sec. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to miscellaneous receipts of the Treasury.

REPORTS TO CONGRESS

Sec. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

Sec. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

Sec. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President may, therefore, establish rules and regulations governing the formation, evaluation, and review of Federal program and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

- (1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;
 - (2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;
 - (3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;
 - (4) Adequate outdoor recreation and open space;
 - (5) Protection of areas of unique natural beauty, historical and scientific interest;
 - (6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and
 - (7) Concern for high standards of design.
- (b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. State and local government objectives, together with the objectives of regional organizations shall be considered and evaluated within a framework of national public objectives, as expressed in Federal law, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and, to the extent authorized by law, made part of comprehensive local and area-wide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

Sec. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

Sec. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

Sec. 501. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION

"SHORT TITLE

"Sec. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"Sec. 802. It is the purpose of this title to promote more harmonious intergovernmental relations by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made to the greatest extent in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"Sec. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"Sec. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the

event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such unit; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) Preparation, as a guide for governmental policies and action, of general plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

"(2) Long-range physical and fiscal plans for such action;

"(3) Programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

"(4) Coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(5) Preparation of regulatory and administrative measures in support of the foregoing."

[From the Omaha (Nebr.) World-Herald, Aug. 17, 1968]

RURAL AMERICA: KEY TO URBAN ILLS: THE "CONCRETE JUNGLE"

Representative Don H. Clausen (Rep. Cal.) wants something done to revitalize rural America. Toward that end he has introduced legislation in Congress.

Mr. Clausen is concerned about the thousands of Americans who have been pushed off farms and out of small rural communities and who pour into cities in search of jobs. He is concerned about what this movement is doing to the rural communities, what it is doing to the cities, and what it is doing to the nation. He wants to get a lot of Americans back out of the "concrete jungle" and into the wide open spaces.

To accomplish this, he says, he will require some overhauling of the tax structure, to include tax incentives for private enterprise and particularly small business men, improvement of transportation and relocation of industry. And, above all, he says:

"The state must once again become the dominant center of political and governmental influence in America."

Mr. Clausen's ideas are not new, but they have been taking second place for some time to the belief that cities will inevitably continue to get bigger and bigger, fed by the seemingly irreversible flow of people from the countryside, and that the only way to cope with the problems thus created is to find places for the people to live, to retrain them for new jobs, and to create employment, which never quite catches up with the flood of people who look for it. Welfare costs soar and a sort of subsidized squalor expands.

Perhaps the better solution, at least one worth exploring, is for Government to shift the emphasis toward ways to keep people from running off from country to city—toward ways to diversify the opportunities in rural America and thus to restore some of the attractions of rural living.

If that could be accomplished, it is true that cities would not grow so fast. But perhaps their problems wouldn't grow so fast, either.

In a column on this page the other day, Russell Kirk told of an American professor who is moving to Prince Edward Island to get away from the "increasing ugliness" of American life. The professor, Dr. Robert Beum, wrote:

"To be small and agrarian and a little backward means, in fact, to have pure air and water, rather than the sulphurous and monoxided gas and the murky, polluted streams that characterize the United States today—a nation devoted to bigness and streamlining, to speed and efficiency at any price, to the constant expansion of industrialization, centralization and standardization."

URGES DECENTRALIZATION—HIS DREAM: REVITALIZING RURAL USA

Representative Don H. Clausen (Rep., Cal.) has a dream.

He wants to see the United States get out of what he calls its "concrete jungle."

The big Californian has legislation in Congress aimed at doing that, but he acknowledges it will take a lot of doing—including a loosening of the Federal Government's iron hand on almost everything.

Mr. Clausen is concerned over the steady movement of Americans from rural to urban areas where, he says, many if not most of them don't find jobs.

Beyond that, it also saps from urban America many of its bright young minds.

In addition to halting the flight to the city, and reversing it, Mr. Clausen wants to "return the control of government to the people."

STATES MUST RULE

"The state," says, "must, once again, become the dominant center of political and governmental influence in America."

How to do it?

It will take, he said, "fantastic effort" and a reversal of existing philosophies.

It will require not reform but overhaul of the tax structure. There must be tax incentives for private enterprise and particularly

the small business man, and tax sharing, and mammoth efforts to revitalize rural America.

"Along with a major tax revision," he said, "must come an integrated program of improved transportation within rural America, relocating and expanding industry developing greater opportunities for home building and recreation."

Jobs created in Washington must be returned to the states, he declared.

He contends there are more people trying to govern his state of California from Washington than from the capital, Sacramento.

CAN'T FIND JOBS

More than a half million people each year, he said, find their way from rural America to the large cities, and a large percentage of them go into the so-called "central cities."

In San Antonio, Tex., Phoenix, Ariz., and New Orleans, La., he said, more than half the migrants who arrived there are either still looking for jobs or have quit hunting them.

Meantime, he said, rural areas, "once the backbone of our nation, are rapidly taking on the appearance of a vast ghost town that is only vaguely reminiscent of a once young America in search of new frontiers."

"Boarded-up store fronts, closed schools and churches, ill-kept frame houses surrounded by weeds and an obvious absence of young people. This is the face of rural America today."

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ERLÉNBOEN. I yield to the gentleman from Iowa.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. What is the projected cost of this legislation?

Mr. ERLÉNBOEN. I would answer the gentleman from Iowa to this effect: There is no projected cost in this program. This does not cost anything additional in the hiring of new personnel. It merely establishes procedures to be followed by the existing agencies and departments in their relations with State governments.

Mr. CRAMER. Mr. Speaker, will the gentleman yield?

Mr. ERLÉNBOEN. I shall be happy to yield to the gentleman from Florida.

(Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. CRAMER. Mr. Speaker, I am glad to see on the part of the committee a commitment has been made which both the majority sponsors of the bill and the minority supporters and sponsors of the bill will support the elimination in conference from the comparable Senate bill, S. 698, including titles VII, VIII, and IX of the Senate bill.

However, I would like to pursue it just a little further because I have heard some discussion with regard to a so-called possible grounds for compromise.

I, for one, support the position to oppose including those Senate-passed titles in conference, and appreciate the announced suggestion that the Committee on Public Works is the proper committee to consider this most complicated subject which is actively under consideration, and I believe a very sound approach initially was made in the 1968 highway bill. Admittedly it is an area in which legislation is essential. It is essential that it be uniform. I believe this

is consistent with the thinking of our committee, and it is probably the thinking of those handling this bill.

However, should a suggested compromise be made in conference, would it still be the intention of the gentleman from Wisconsin, Mr. REUSS, and the gentleman from Illinois, Mr. ERLBORN, to stand by the position, in view of it being considered by the Committee on Public Works, not to include that subject matter in any conference report brought back?

Mr. ERLBORN. I can answer the gentleman affirmatively that that would be my intention. I will yield to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. I would have the same views as those of the gentleman from Illinois.

Mr. CRAMER. Would the gentleman from Illinois yield further?

Mr. ERLBORN. I yield to the gentleman from Florida.

(Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. CRAMER. Mr. Speaker, I support H.R. 18826 as presently before the House, but my colleagues should be made aware of a parliamentary situation which exists. During this session of the Congress, the Senate passed S. 698—the Intergovernmental Cooperation Act of 1968—which contains three titles—title VII, title VIII, and title IX—which are comprehensive and complex provisions relating to relocation assistance and land acquisition policies. The House Committee on Government Operations has favorably reported a similar bill (H.R. 18826) but without the portions of the Senate bill relating to relocation assistance and land acquisition policies. If the bill is passed by the House, the House and Senate conferees could, within the rules, accept the portions of S. 698 relating to relocation assistance and land acquisition policies.

In view of the hearings now being held by this committee, the chairman of the subcommittee, the gentleman from Wisconsin [Mr. REUSS] made a firm commitment—obtained from the chairman of the Committee on Government Operations that the House conferees on the Intergovernmental Cooperation Act of 1968 will insist upon excluding from the bill agreed upon by the conferees all of the provisions relating to relocation assistance and land acquisition policies. This commitment having been obtained, the Committee on Public Works can continue its hearings and deliberations, and in due course report comprehensive legislation on these important subjects. Without such a procedure, policies and programs will end up in the future at variance and without much needed uniformity and equal equity, and the previous work of the Public Works Committee largely undermined.

Mr. ERLBORN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. DWYER].

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mrs. DWYER. Mr. Speaker, to an increasing degree a matter of central con-

cern to all of us has been the condition of our federal system, the relations between local, State, and Federal governments, and the attendant grant-in-aid programs through which intergovernmental cooperation is largely accomplished.

The source of our concern has been the widely recognized difficulties encountered in the administration of hundreds of grant-in-aid programs—which, whatever the merits of individual programs, have too often tended to weaken, confuse, and burden relations between the levels of government and to limit the effectiveness and reduce the results which we have expected from these programs.

Whether we are primarily interested, Mr. Speaker, in the solution of public problems or in the reduction of waste and inefficiency, our objective in this area is the same: the improved organization, administration, and coordination of Federal assistance programs. Waste—the waste of time, money, and energy—has never solved a problem or saved a city.

The great importance of the Intergovernmental Cooperation Act, H.R. 18826, is the fact that it faces this central issue directly and by providing for necessary adjustments, reforms, and policy improvements in the present grant-in-aid system will greatly enhance the fruitful relationship of local, State, and Federal governments.

More specifically, this bill will improve coordination at each end of the grant system. It will simplify and rationalize the distribution of Federal funds through the States. It will require greater consideration of State and local needs by the Federal bureaucracy. It will encourage a higher level of administrative performance. And in a variety of undramatic ways will correct the failures and inadequacies which recent experience has revealed.

As an original sponsor of this legislation, Mr. Speaker, as a member of the Advisory Commission on Intergovernmental Relations which has studied these problems in depth, and as a member of the committee which reported the present bill favorably, I am pleased and encouraged that the House today has this bill under consideration. I urge our colleagues to approve it and thereby take another significant step ahead in the continuing effort to make our American system of government more responsive and responsible.

The Advisory Commission on Intergovernmental Relations has indicated in its ninth annual report that "America's federal system is on trial today as never before in this century of crisis and change." The events of recent months have graphically highlighted this situation. Though riots, student protests, and other social disturbances are a dramatic indication of the problems facing us, they are, however, but surface indications—albeit serious and unacceptable ones—of far deeper and more imponderable conditions that lie below.

Persistent unemployment, slum housing, inadequate education, congested roadways and airways, environmental pollution, rising crime rates, mass urban migrations, rural poverty—these are the

problems facing our people and these are among the most serious causes of unrest and disorder.

In seeking to meet these problems, governments—Federal, State, and local—have enacted programs and appropriated money. Too often, however, we in government succumb to the belief that problems can be solved and crises stilled merely through the application of large sums of money. Perhaps, if an analogy can be drawn between the practice of government and the practice of medicine, this faith in money should be labeled the mustard plaster theory of government. But, as we should well know, money alone will no more cure our social ills than a mustard plaster will cure a viral infection. The root causes of an illness—physical or social—must be properly diagnosed and proper methods and procedures must be established to effectuate a cure.

At this time, I will not delve more deeply into what must be done to correct our social ills in the most effective means possible. Let me only say that, while certain efforts are being undertaken along these lines, considerably more sophisticated and broadscale measures must be pursued.

Turning, then, to the methods and procedures required to meet our problems, few will question, I believe, that we are enmeshed in disarray, confusion and redtape. Directing our attention only to the Federal level of government, we see that rising expenditures under our crazy-quilt social welfare system have not defused social tension and eliminated dissatisfaction or reduced social dependency; expanded expenditures on roads and airfields have not prevented massive urban traffic congestion; increased appropriations for housing have not stopped the spread of blighted housing and slum conditions; spreading affluence and increased expenditures on poverty programs have not halted the mounting crimewave; enlarged subsidy payments in the agricultural sector have not curtailed the demise of the family farm; and so on in many other areas.

Looking only at Federal grant-in-aid programs, we learn from Congressman Roth's study and others that Congress has established over 1,000 grant-in-aid programs and has appropriated close to \$20 billion dollars annually to deal with urban and rural needs. Yet, as these studies aptly indicate, too often we have only the foggiest idea where the money is going, who is getting it, what results are being accomplished, or how and by whom are the programs being administered.

In essence, we are flying blind with the aid of bailing wire and chewing gum, hoping and praying that we will somehow land safely at the right field. We are, in effect, practicing the art of pouring money into a giant funnel at the top and hoping that it will somehow trickle down to those in need at the bottom. This is certainly no way to run a government in the space age, where we can get a man to the moon almost as fast as we can get him across town; where an astronaut can walk safely in space but frequently cannot walk safely the streets of the city; where we can solve the scien-

tific riddles of human life but cannot teach children to read and write; and where we can build elaborate missile sites and logistic complexes but cannot develop adequate and suitable low-cost housing.

In order competently to begin to correct our social ills and overcome our social disorders, we are going to have to devote far greater efforts than in the past to developing effective and efficient organizational techniques and administration. This is far less exciting and more mundane than conceiving of ways to spend large sums of money. But, without such efforts, the money spent will not produce the results we expect.

Much will have to be done within the Federal Establishment to fashion an improved administration in such areas as budgeting practices, planning, cost analyses, program evaluations, data handling, bureaucratic malaise, overstaffing, inefficiency, and discoordination. Efforts to put the Federal house in order, however, will be of limited benefit if we do not revitalize, modernize, and breathe new life into our federal system of government and if we do not expand the role and responsibility of the private sector. Certainly, if there is one thing we should have learned in the past decades, it is that the Federal Government cannot correct our social ills alone and, in fact, has in many cases aggravated them.

Placing greater responsibilities upon State and local governments or upon the private sector must not, of course, be considered some kind of miracle tonic to resolve all our problems. Inefficiencies, waste, and ignorance exist in these areas to the same degree as they do at the Federal level. But, in general, their smaller size, their closer proximity and responsiveness to those affected, their greater freedom to experiment, or, in the case of the private sector, the existence of a profit motive have the potential far more effectively attacking social problems. Naturally, this does not mean that all operations at the Federal level are inefficient or less effective than those that may be carried on elsewhere. To believe so is not only naive, but potentially destructive of eventual social success. Yet, we have in the past so accepted the notion that the Federal bureaucracy can solve all our problems that it now becomes essential to speak forcefully of its limitations and boldly of alternative methods.

In recent years, more and more is being said favorably about the merits of creative federalism, private enterprise, State and local initiative—even by those who, in the past, have pushed Federal domination the most. But, while many words have been uttered, little has actually been accomplished. There is much talk about revenue sharing, but no action has been taken. Many have raised their voices in favor of consolidating limited categorical grants into bloc or consolidated grants, but only the beginnings have been attempted. Speech after speech has been given on the need to revitalize Federal Government organization in order to remove that which is better done elsewhere and to channel that which remains into an effective Federal-State-local-citizen partnership.

But, in the House, hearings have not even been scheduled on this vital issue.

This bill, as now constituted, is by no means earthshaking. It is far less encompassing than the similar bills I introduced in the present and past Congresses. But enactment of this bill will constitute a true beginning in the efforts of Congress to forge a true partnership in federalism. The Governors want it, the mayors want it, the county executives want it—all State and local officials are for it because the bill does represent a promising beginning.

What the bill does is to improve the administration of grants-in-aid to the States by, first, requiring that full information about these programs be supplied to the Governors and legislatures, second, facilitating improved financial management of grant-in-aid funds, and third, enabling the Governors and legislatures to have a freer hand in streamlining State organizational structures in order to make more efficient the administration of grant-in-aid programs.

The bill also authorizes Federal departments and agencies to provide special or technical services to State and local governments upon payment of direct and indirect costs, but only where such services do not displace services more economically and expeditiously available through private enterprise. Many State and local government operations, some of which are financed by Federal aid programs, are frequently made less efficient or effective for failure of access to adequate special or technical services such as statistical studies, technical tests, surveys, and so forth. The expense of independently developing such services is often too great or too time-consuming and expert personnel required to perform such services are frequently not available. Here, then, is a clean example of how Congress can provide a means for improving the efficiency and effectiveness of State and local governments without increasing Federal budget outlays and without creating new layers of bureaucracy.

The bill further provides in title IV that, in an effort to encourage the sound and orderly development of urban and rural areas, Federal assistance programs shall be administered in a manner which will provide for the concurrent achievement of and the application of reasoned choices among specified objectives including appropriate land uses, conservation, balanced transportation systems, outdoor recreation and open space, protection of natural beauty and historic sites, community facilities, and high standards of design. In calling for such concurrent achievements and reasoned choices, all viewpoints—national, regional, State, and local—are to be fully considered and the governmental objectives of these various areas shall be fully respected to the extent possible. This title also calls for improved consultation among Federal agencies in their administration of grant-in-aid programs, and for coordination of planning requirements. Finally, the title directs that units of general local government shall be given preference over special-purpose units of government in the absence of substantial reasons to the contrary.

The remaining title of the bill provides that the Federal Government in acquiring, using, and disposing of land within urban areas shall, to the greatest extent practical, engage in such land transactions in a manner which is consistent with zoning and land use practices and objectives of affected local governments.

Mr. Speaker, enactment of this legislation may well in future years be recorded as a landmark in the area of creative federalism. As the Advisory Commission stated in its ninth report:

The manner of meeting these challenges will largely determine the fate of the American political system; it will determine if we can maintain a form of government marked by partnership and wholesome competition among National, State and local levels, or if instead in the face of threatened anarchy—we must sacrifice political diversity as the price of the authoritative action required for the Nation's survival.

Let us take this first important step, then, to restore vitality to the federal system and to place our form of government in a modern setting which is capable of and willing to meet the challenges of tomorrow.

Mr. REUSS. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina [Mr. FOUNTAIN].

Mr. FOUNTAIN. Mr. Speaker, I rise in support of this legislation.

(Mr. FOUNTAIN asked and was given permission to revise and extend his remarks.)

Mr. FOUNTAIN. I rise in support of H.R. 18826, the Intergovernmental Relations Cooperation Act of 1968. This bill includes five of the nine titles contained in H.R. 5522 which I introduced at the start of the 90th Congress. Except for the exclusion of a provision for the periodic congressional review of grant-in-aid programs, H.R. 18826 is similar to the legislation of which I was the original sponsor in the 89th Congress.

Mr. Speaker, this is sound legislation which will help strengthen our federal system of government. Anyone who believes in the need to improve the vitality of our States and to improve coordination and cooperation between the Federal Government and State and local governments should enthusiastically support this bill.

In the past several years the Congress has enacted a great many new and expanded grant-in-aid programs in order to deal with a wide range of social and economic conditions. All of these programs require the cooperative effort of State and local governments in their execution, and most require coordination between and among Federal agencies as well.

To be more specific, the Advisory Commission on Intergovernmental Relations reports that in the 5-year period from 1963 through the first session of the 90th Congress, the Congress enacted approximately 240 new or significantly expanded grant programs, bringing the total to more than 400 separate categorical authorizations administered by no fewer than 18 Federal departments and agencies. Grant-in-aid expenditures have also increased sharply in recent years and currently amount to more than \$18 billion annually.

This amazing legislative output is striking evidence that the Congress has been exceedingly responsive to the needs and demands of the American people. But it also reflects the greatly increased burden that has been placed upon our traditional system of Federal-State-local relationships. In a sense, it constitutes the handwriting on the wall, that we must take prompt and vigorous action to cope with the difficult management problems produced by this enormous legislative output—or else we run a serious risk that our grant-in-aid structure will collapse.

Mr. Speaker, it is 10 years since the Committee on Government Operations, acting on the basis of the comprehensive and careful investigation conducted by the Intergovernmental Relations Subcommittee—which I have had the privilege to chair these past 13 years—found the grant-in-aid “a useful method for harnessing cooperative governmental effort in the accomplishment of national legislative purposes.”

However, while the grant program has been a valuable instrument for facilitating intergovernmental cooperation, it has, nevertheless, created extremely difficult problems for State and local governments. Problems have resulted from the rapidly accelerating trend in recent years toward the enactment of a great many new and varied grant programs. Problems have also resulted from a lack of effective coordination of these activities at the Federal level, and with respect to their impact on local communities and on the structure of State government.

The Intergovernmental Cooperation Act purports to strengthen intergovernmental relations by improving cooperation and the coordination of federally aided activities among the levels of government—Federal, State, and local. It is intended to help our federal system more effectively meet the need of a growing and dynamic American society.

Mr. Speaker, my only regret is the bill before the House today does not include a provision for periodic congressional review of grant-in-aid programs. This very important provision was included in the bills which I and other Members of the House introduced, and it is a part of the companion bill which has already passed the Senate. It is my sincere hope, assuming the House acts favorably on this bill today, that the conferees will accept title V of S. 698 relating to periodic congressional review of grants-in-aid.

Mr. Speaker, the need for regular and systematic review of grant-in-aid programs is very great today. We are living in a dynamic age, and we cannot continue indefinitely to face new problems by enacting additional grant programs without facing up to the necessity of giving consideration to the phasing out of some of the older programs aimed at problems of another time. I believe that a uniform policy and procedure for grant review is the most practical method for enabling the Congress to accomplish this objective in a consistent and timely manner.

I urge all of my colleagues to support this constructive legislation for the strengthening of intergovernmental relations and of our federal system.

Mr. REUSS. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I wanted to add my voice to those of several others in the Committee on Public Works in appreciation to the Committee on Government Operations for deleting the section that dealt with the problems of land acquisition and relocation assistance. I served on the Davis subcommittee in one of the most thorough studies that has ever been made on this subject. I certainly agree we need to have legislation on these subjects, but I believe that legislation is in the process of coming out of the Committee on Public Works, and that it would be an invasion of the jurisdiction of the Committee on Public Works to have it as a part of this particular bill.

I intend to support this bill. But should this matter be added in conference, I will be voting against it because I think it would be an invasion of the jurisdiction of the Committee on Public Works.

Mr. FASCELL. Mr. Speaker, I am pleased to have this opportunity to lend my support to H.R. 18826, the Intergovernmental Cooperation Act of 1968. This is a bill which helps local government. Many of us talk about it, but here is an opportunity to do something about it. The Intergovernmental Cooperation Act assures to local government a greater voice in the many Federal programs that affect them than they now enjoy. They want this voice; they want this participation; we can provide it here.

Recent developments in Federal-State-local relations have dramatized the necessity for combating major administrative problems which plague effective intergovernmental relations—especially in the grant-in-aid area. The roots of this quiet crisis are known to most of us:

To assist State and local governments meet the heavy demand for more and better services, the Federal Government has greatly expanded its involvement in numerous program areas, largely via the grant-in-aid device. Such grants now number more than 400 reported authorizations—240 of which have been enacted since 1963.

Grant expenditures have increased more than two and one-half times in this decade, rising from \$7 billion in fiscal year 1960 to an estimated \$18.3 billion for this fiscal year. Approximately 17 percent of total State and local revenues now come from this source.

This remarkable growth in the number and dollar amounts of grants is clear evidence of the National Government's real concern with the pressing problems facing State and local government. It also reflects an abiding faith in the partnership principle that underlies the grant device as well as our federal system.

However, the burgeoning number and variety of grant programs have contributed to serious management problems at all government levels, including overlapping and fragmentation among functional programs, information gaps, and rigid and often conflicting administrative requirements.

Mr. Speaker, the Congress has a vital role to play in improving intergovern-

mental administration—a role which extends beyond the enactment of grant legislation. While Executive orders, Budget Bureau action, and revamped departmental regulations can remove some of the administrative difficulties at the Federal, State, and local levels, others result from statutory provisions and insufficient executive authority. The latter requires congressional action and the legislation you are considering provides a good vehicle for such action.

H.R. 18826 seeks reform in four basic areas. I would like now to briefly discuss its provisions.

Title II seeks to improve the coordination and flexibility of certain standards and procedures governing the financial, organizational, and other activities of State executives and other State officials affected by Federal grant programs. The specific language of this title reflects the considerable attention devoted to it and the amendatory action taken in 1966 by this subcommittee.

Section 201 would strengthen the individual Governor's role in grant coordination and budget preparation and would facilitate the legislature's task of administrative oversight and fiscal control through providing that Governors or State legislatures, upon request, would be informed by Federal departments and agencies concerning the purposes and amounts of grants being received by their States.

Section 202 recognizes that the use of separate bank accounts is not necessarily an effective means to insure proper accounting of Federal grant funds. A few older grant statutes and some regulations stipulate that State governments must keep Federal moneys in separate bank accounts. As a result, many States maintain complex bank accounts for Federal aid programs. With the development of modern accounting techniques, it should only be necessary for a State to maintain appropriate fund accounts which distinguish the balance that the State has received but not yet earned. This section would encourage the adoption of these principles by the States, while still preserving the Federal Government's proper concern that all grant funds will be utilized as intended by recipients and that basic information concerning the financial status of grant programs will be provided.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary. The Department of the Treasury has already sought administratively to achieve this objective through its Departmental Circular No. 1075, issued on May 28, 1964. The circular established a letter-of-credit procedure that maintains funds in Treasury until they are needed by recipient jurisdictions. However, some States appear to have legal fiscal requirements which impede application of the procedure. Further, some of the Federal agencies using the device have not been fully aware of its basic purpose and have failed to institute an effective monitoring system. As a result, a special Federal task force on letter-of-credit procedures is currently reviewing these and other related problems and formulating appro-

priate remedial measures. Section 203 recognizes the merits of the letter-of-credit approach and seeks to give it the full force of law. It insures that States will not draw on grant funds in advance of their program needs. Effective, Government-wide implementation of this mechanism should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislative requirements for a "single State agency," multimember board, or commission. Rigid application of these requirements can straitjacket Governors as well as State legislatures in their reorganization efforts. Moreover, given the increasing number of grant-in-aid programs which require "multidisciplinary" packaging approaches, a doctrinaire adherence to this provision appears wholly unnecessary. With improved State administration of Federal aid programs and the pressing contemporary need for the States to restructure their governmental organization in order to keep abreast of their rapidly expanding functional responsibilities, the type of flexibility permitted by section 204 is of the utmost significance. Under this section, the head of the administering Federal department or agency is authorized to waive the requirement on request of a recipient State, if the department or agency is convinced that the proposed alternative administrative arrangement will not undermine the program objectives sought through the grant.

Title III seeks to upgrade "services-in-aid" functions in contemporary Federal-State-local relations by authorizing Federal departments and agencies to provide specialized and technical services to State and local jurisdictions on a reimbursable basis. It also establishes ample safeguards for the legitimate interests of the private sector. A number of Federal departments and agencies already furnish such services gratuitously or at cost as a consequence of specific congressional authorization. The increasingly complex and technical nature of State and local governmental activities coupled with the soaring costs of technical personnel and equipment, highlight the pressing need for this permissive provision. The discretionary power provided in this title would not affect the programs of those Federal agencies which have been authorized to provide special technical assistance, facilities, or consultation services without reimbursement. The "services-in-aid" policy stipulated is wholly permissive, and State or local agencies requesting such aid and the Federal agency involved would have to agree on the extent and cost of the services to be performed.

Title IV establishes a coordinated intergovernmental policy for the planning and administration of Federal grants for development assistance in both rural and urban areas. The need for improved coordination of intergovernmental relationships is most apparent in metropolitan areas where the fragmentation of governmental jurisdiction is accelerating. This title provides procedures for encouraging the various levels of government

operating in metropolitan areas to cooperate in the solution of common problems. Section 401 authorizes the President to establish Government-wide guidelines for the formulation, enactment and review of Federal development programs and projects. It also provides, as a matter of congressional policy, that agencies, to the maximum extent possible, consider all viewpoints—National, State, regional, and local—in the formulation and evaluation of such programs and projects. Moreover, under this section, systematic planning required by several individual Federal programs shall, to the extent possible, be coordinated with and incorporated into comprehensive local and areawide development planning.

A significant feature of our Federal system is that most types of domestic public services are administered by general purpose local governments—cities, counties, and towns. Yet, special districts are multiplying at a rapid rate—reaching over 21,000 last year. Section 402 of this title implements the objective that where Federal grant-in-aid legislation makes both special purpose local government units and general purpose local governments eligible to receive urban development loans and grants, Federal agencies should favor the latter, in the absence of substantial reasons to the contrary.

The final title of H.R. 18826 amends the Federal Property and Administrative Services Act by stipulating a uniform procedure for acquisition, use, and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with the planning objectives of local governments. Under this title, the GSA Administrator in disposing of Federal urban land holdings shall, to the extent practicable, give advance notice to the general local government having zoning and land use jurisdiction over the land involved in the proposed transaction. The Administrator is also directed to comply, to the extent possible, with the zoning and land use regulations of the local government affected when acquiring or changing the use of any real property in urban areas. Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets, and other local governmental functions. At present there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs which seek to strengthen local and areawide planning and land use regulations. This title begins to correct this deficiency.

For these reasons, I fully endorse the proposed Intergovernmental Cooperation Act of 1968 (H.R. 18826). I believe the proposed legislation contains sensible solutions to many of the pressing problems impeding effective intergovernmental administration.

I might add, Mr. Speaker, that I introduced H.R. 5524, a companion bill which contains the proposals set forth in the pending bill but also included additional provisions such as congressional review of grant-in-aid programs, which I think

is much needed, and a uniform relocation policy. These provisions are contained in the Senate bill on which conference will be held. H.R. 18826, however, was the version on which full agreement could be obtained within the Committee on Government Operations, and, in spite of my desire to go further, I fully support this measure.

Mr. HOLIFIELD. Mr. Speaker, this legislation is geared to alleviating some of the sources of friction in today's Federal-State-local relations. Moreover, it implements proposals advanced by the National Governors' Conference, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors, the Advisory Commission on Intergovernmental Relations as well as the Bureau of the Budget.

The need for this legislation is highlighted by chronicling the basic features of contemporary federalism:

First, the demand for more public revenues has hit State and local governments most directly and most severely; witness the fact that these jurisdictions accounted for approximately three-fifths of the total civil governmental expenditures in fiscal year 1966.

Second, in response to these pressures, the Federal Government has expanded its role in domestic governmental programs—largely via the grant-in-aid mechanism.

Third, grant expenditures have risen from \$8 billion in 1963 to an estimated \$20.3 billion for the next fiscal year.

Fourth, a total of \$96.5 billion will have been distributed through this device to States and localities from 1963 through fiscal year 1968, and presently Federal grants provide State and local governments with approximately one dollar out of every six they spend.

While providing much needed fiscal and program assistance, the burgeoning number of Federal grants-in-aid has generated serious administrative and fiscal problems at all levels of government. Overlapping and fragmentation of effort, information gaps, processing delays, and inflexibility of many separate funds and requirements have placed shackles on the capacity of both administrators and elected officials to effectively execute, coordinate, and evaluate grant programs.

The proposed Intergovernmental Cooperation Act contains significant and much needed reforms in four fundamental areas.

The bill seeks to coordinate procedures affecting the distribution of Federal grants to the States and to facilitate the participation of the States as effective partners in the federal system. This goal is implemented through encouraging an improved flow of information concerning Federal grants to State Governors and legislatures, by eliminating requirements for separate bank accounts, by discouraging advancement of Federal funds for longer periods than are necessary, and by permitting greater flexibility in administrative reorganization at the State level.

The measure authorizes Federal departments and agencies to provide specialized and technical services to States and localities on a reimbursable basis. This will not conflict with the role of

private enterprise in the provision of these services. But it will achieve economies in intergovernmental operations.

The bill establishes a coordinated intergovernmental policy for the administration of development assistance grants, which includes incorporation of systematic planning required under separate Federal grant programs into comprehensive local and areawide development planning, and preference accorded to general governmental units, rather than special districts, in the disbursement of Federal aid funds. It also authorizes the President to establish governmentwide guides in the formulation, evaluation, and review of Federal Development programs and projects.

Finally, the bill establishes uniform policies and procedures with respect to the acquisition, use, and disposition of urban land by the General Services Administration, and seeks to insure the consistency of such land transactions with the zoning and land use practices of affected local governments. This title initiates a Federal policy in this area—which in time can be extended to other agencies and areas.

Mr. Speaker, I believe that this bill would remove many of the serious obstacles which presently impede the effective operation of the grant-in-aid system, and thereby would substantially contribute to the revitalization of American federalism. For this reason, I urge enactment of this measure.

Mr. MACHEN. Mr. Speaker, I rise today to express my support for the legislation now under consideration, the Intergovernmental Cooperation Act of 1968. The goal to this bill is to make our State and local governments stronger and more vital and to improve the working relationships between all levels of government.

H.R. 18826 is by no means the complete answer to improving intergovernmental relations. But it is a necessary first step. If the concept of creative federalism is ever to become a reality, I believe we must pass this bill and work quickly to enact other measures which will assure that each level of government does what it can do best with the advice and financial assistance of the other levels.

I cosponsored this legislation in the 89th Congress and again in the 90th. I am somewhat disappointed that the bill reported by the committee, and which is now before us, does not include provisions requiring the periodic review of Federal grants-in-aid to the States and local units of government. However, I am confident that we can move toward this goal early next year.

Passage of H.R. 18826 will strengthen State and local governments and improve the relations between those governments and the Federal Government through closer coordination and cooperation of policies and activities, particularly in the administration of Federal grant and loan programs for development assistance and by other means. This legislation provides a means whereby certain troublesome problems in these relations can be corrected.

Title III of H.R. 18826 will save every level of government money by permitting

Federal departments and agencies to provide special or technical services to State and local units of government on a reimbursable basis. This will encourage intergovernmental cooperation in the conduct of specialized and technical services and enable State and local governments to avoid unnecessary duplication of special service functions.

Title IV recognizes the importance of the sound and orderly development of all areas of the Nation, both urban and rural. The stated objectives of this title are: First, appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes; second, wise development and conservation of natural resources including land, water, minerals, and wildlife; third, balanced transportation systems including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods; fourth, adequate outdoor recreation and open space; fifth, protection of areas of unique natural beauty and historic and scenic interest; sixth, properly planned community facilities, including utilities for the supply of power, water, and communications; and, seventh, concern for high standards of design.

This title provides that, as a matter of congressional policy, agencies must to the extent possible take into account all viewpoints—national, regional, State, and local—in the formulation and administration of projects falling into the seven categories I mentioned previously.

Title V prescribes the use of uniform procedures in the acquisition, use, and disposal of land in urban areas and states that such transactions shall, to the greatest practicable extent, be in accordance with the planning and development objectives of the affected local governments and planning agencies.

In Prince Georges County, one of the counties in my congressional district, there has been some question about the actions of the Department of Housing and Urban Development in authorizing a 221(d)(3) project without adequate consultation with county officials or adequate consideration of county government development plans. Passage of this legislation will make such instances a sad but bitter memory. Title V assures that active participation by local officials will be sought in urban land use programs financed by the Federal Government.

Many difficulties in the relations between our Federal Government and the State and localities still remain, but I consider this bill a major advance toward obtaining the harmony among the various levels of government that is demanded by the needs of the Nation.

Therefore, I urge all my colleagues to join with me in voting for passage of H.R. 18826.

The SPEAKER. The question is on the motion of the gentleman from Wisconsin that the House suspend the rules and pass the bill H.R. 18826.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

Mr. REUSS. Mr. Speaker, I ask unanimous consent for the immediate consideration of a similar Senate bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the Senate bill as follows:

S. 698

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Intergovernmental Cooperation Act of 1968."

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation, and for the purposes of title VIII, the Architect of the Capitol.

STATE

SEC. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State. For the purposes of title VII, VIII, and title IX the term "State" does include such political subdivisions.

POLITICAL SUBDIVISION OF LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or
(C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (1) the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

SEC. 107. The term "Federal assistance", "Federal financial assistance", "Federal assistance programs", or "federally assisted programs", means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees, or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means special statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which the Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other governmental services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programming of capital improvements and other major expenditures, a determination of their relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulatory and administrative measures in support of the foregoing.

STATE AGENCY

SEC. 110. For the purpose of titles VII and VIII, the term "State agency" means any agency or instrumentality created by a State, or by a political subdivision of a State or by agreement between two or more States or by two or more political subdivisions of a State or States.

HEAD OF AGENCY

SEC. 111. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

DISPLACED PERSON

SEC. 112. The term "displaced person" means—

(1) any person who is the owner of a business which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(2) any person who is the farm operator of a farm operation which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(3) any individual who is the head of a family which moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or which moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency of other real property on which such family conducts a business or farm operation;

(4) any individual, not a member of a family, who moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or who moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency, of other real property on which such individual conducts a business or farm operation; and

(5) any individual, not described in paragraph (1), (2), (3), or (4) of this section, who moves his personal property from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency: *Provided*, That this shall not include the owner of property on the premises of another under a lease or licensing arrangement where such owner is required pursuant to such lease or license to move such property at his own expense.

BUSINESS

SEC. 113. The term "business" means any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the cultivation, processing, or marketing of timber; (4) for the sale of services to the public; or (5) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale or gain.

FARM OPERATION

SEC. 114. The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities, other than timber for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

FARM OPERATOR

SEC. 115. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

FAMILY

SEC. 116. The term "family" means two or more individuals living together in the same

dwelling unit who are related to each other by blood, marriage, or adoption.

ELDERLY INDIVIDUAL

SEC. 117. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 118. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 119. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

OWNER AND PERSON

SEC. 120. The terms "owner" and "person" mean any individual, and any partnership, corporation, or association.

REAL PROPERTY

SEC. 121. The term "real property" as used in this Act shall include land, and any interest in land, including but not limited to easements, rights-of-way, water rights, and mineral interests.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing the Governor or other official designated by him, or the State legislature, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency may, upon request of the Governor or other appropriate executive or legislative authority of the State

responsible for determining or revising the organizational structure of State government, waive the single State agency or multi-member board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organization arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment to the department or agency by the unit of government making the request, of salaries and all computable overhead and indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations, determines may be provided by Federal departments and agencies. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged, or to the appropriation currently available for the cost of similar services.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President shall, therefore, establish rules and regulations for uniform application in the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict—

(1) appropriate land uses for residential, commercial, industrial, governmental, institutional, and other purposes;

(2) wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

(3) balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

(4) adequate outdoor recreation and open spaces;

(5) protection of areas of unique natural beauty, historical, and scientific interest;

(6) properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes;

(7) concern for high standards of design; and

(8) any other objective through which Federal or federally assisted development programs or projects can contribute to the balanced economic, social, and cultural development of the Nation and the achievement of enhanced levels of living.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. Regional, State, and local government objectives shall be considered and evaluated within a framework of national public objectives, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal pro-

grams (such as highway construction, urban renewal, and open space) shall be coordinated with and made part of comprehensive local and areawide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to the special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 501. It is the purpose and intent of this title to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grants-in-aid of instruments of Federal-State-local cooperation is improved and enhanced; (2) grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment; and (3) grant programs are terminated when they have substantially achieved their purpose. It is further the purpose and intent of this title to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in operation thereof.

EXPIRATION OF GRANT-IN-AID PROGRAMS

SEC. 502. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid to two or more States or to political subdivisions of two or more States and no expiration date for such authority is specified by law, and such grant is not specifically exempted from the provisions of this title, then the authority to make grants-in-aid by reason of such Act to States, political subdivisions, and other beneficiaries from funds not theretofore obligated shall expire not later than June 30 of the fifth calendar year which begins after the effective date of such Act.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

SEC. 503. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid over a period of three or more years to two or more States or to political subdivisions of two or more States, then during the period beginning not later than twelve months immediately preceding the date on which such authority is to expire, the committees of the Senate and of the House to which legislation extending such authority would be referred shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made with a view to ascertaining, among other matters of concern to the committees, the following:

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met;

(2) The extent to which such programs can be carried on without further financial assistance from the United States;

(3) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto, to conform to recommendations by the Comptroller General under section 504, should be made;

(4) Whether or not any changes in purpose, direction, or administration of the original program should be made in the light of reports and recommendations submitted on request by the Advisory Commission on Intergovernmental Relations; and

(5) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

Each such committee shall report the results of its investigation and study to its respective House not later than one hundred and twenty days before such authority is due to expire.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 504. The Comptroller General shall make continuing studies of presently existing and all future programs for grant-in-aid assistance from the Federal Government to the States or their political subdivisions concerning the extent to which programs conflict and duplication can be eliminated and more effective, efficient, economical, and uniform administration of such programs could be achieved by changing certain requirements and procedures applicable thereto.

In reviewing such programs the Comptroller General shall consider, among other relevant matters, the equalization formulas, and the budgetary, accounting, reporting and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 505. Upon request of any committee referred to in section 503, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 506. (a) Each State or political subdivision thereof receiving assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification, or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant may prescribe, including records which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied

by other sources, and such other records as will facilitate an effective audit.

(b) The head of the Federal agency administering such grant and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients that are pertinent to the grants received.

TITLE VI—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 601. The Federal Property and Administrative Service Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION "SHORT TITLE

"SEC. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations and to encourage sound planning zoning, and land use practices by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned;

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban

area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such units; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) preparation, as a guide for long-range development, of general physical plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

"(2) long-range physical and fiscal plans for such action;

"(3) programming of capital improvements and other major expenditures, a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

"(4) coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(5) preparation of regulatory and administrative measures in support of the foregoing."

TITLE VII—UNIFORM RELOCATION ASSISTANCE

DECLARATION OF POLICY

SEC. 701. The purpose of this title is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs so that as far as practical such persons shall be left not worse off economically than they were before being displaced. Such a policy shall be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

PART A.—FEDERALLY PROGRAMS

RELOCATION PAYMENTS

SEC. 702. (a) If the head of any Federal agency acquires real property for public use in a State, he shall make fair and reasonable relocation payments to displaced persons in accordance with the regulations established by the President under section 705 of this Act.

(b) In addition to the payments authorized by subsection (a) of this section, an additional payment of \$300 is authorized for any displaced person who moves from a dwelling if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement, except that such displaced person shall be eligible for payment under this subsection only when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or other type of long-term lease equivalent to fee ownership.

(c) If any displaced person who moves or discontinues his business elects to accept the payment authorized by this subsection in lieu of the payment authorized for such business by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in an amount equal to the average annual net earnings of the business, or \$5,000, whichever is the lesser: *Provided, however,* That in the case of a displaced person who is 62 years of age or over, the fixed relocation payment shall be increased by an amount equal to twice the average annual net earnings of the business, or \$5,000, whichever is the lesser. No payment shall be made under this subsection unless the head of such agency is satisfied that the business (1) cannot be relocated without a substantial loss of its existing patronage, and (2) is not a part of a commercial enterprise having at least one other establishment, not being acquired by the United States, which is engaged in the same or similar business. For purposes of this subsection, the term "average annual net earnings" means one-half of any net earnings of the business, before Federal, State, and local income taxes, during the two taxable years immediately preceding the taxable year in which such business moves from the real property acquired by the United States and includes any compensation paid by the business to the owner, his spouse, or his dependent children during such two-year period. Such earnings and compensation shall be established by Federal income tax returns filed by such business and its owner and his spouse and dependent children for such two taxable years.

(d) If any displaced person who moves from a dwelling elects to accept the payments authorized by this subsection in lieu of the payments authorized by subsection (a) of this section for moving from such dwelling, the head of such Federal agency shall make the following fixed relocation payments to such person:

(1) A moving expense allowance, determined according to a schedule established by the head of such agency, not to exceed \$200;

(2) A dislocation allowance equal to the amount paid under paragraph (1) of this subsection or \$100, whichever is the lesser;

(3) An additional payment of \$300 if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement except that such displaced person shall be eligible for payment under this subsection only when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or other type of long-term lease equivalent to fee ownership; and

(e) If any displaced person who moves or discontinues a farm operation elects to

accept the payment authorized by this subsection in lieu of the payment authorized for such farm operation by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in the amount of \$1,000. In the case where the entire farm operation is not acquired by such Federal agency, the payment authorized by this subsection shall be made only if the head of such agency determines that the remainder property is no longer an economic unit.

(f) (1) In addition to any amount under subsections (a), (b), (c), (d), and (e) of this section, the head of such Federal agency may pay to or on behalf of any displaced family, displaced elderly individual, or displaced handicapped individual, monthly payments over a period not to exceed twenty-four months in an amount not to exceed \$500 in the first twelve months and \$500 in the second twelve months to assist such displaced family or individual to secure a decent, safe, and sanitary dwelling. Subject to the limitation imposed by the preceding sentence, the additional payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average annual rental required for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family in areas not generally less desirable in regard to public utilities and public and commercial facilities: *Provided,* That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Secretary of Housing and Urban Development to have the same general purposes as the Federal program under such Act, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965.

(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the amount of assistance according to family size, family or individual income, average rents required, or similar considerations for all agencies making such payments.

(3) The additional payments under this subsection may be paid on a lump sum or other than monthly basis in cases in which the small size of the payments that would otherwise be required do not warrant a number of separate payments or in other cases in which other than monthly payments are determined warranted by the head of the Federal agency.

(4) No payment received under this subsection shall be considered as income for the purpose of determining the eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other Federal Act.

(g) (1) In addition to amounts otherwise authorized, the head of such Federal agency shall make a payment to the owner of real property which is acquired for the project and which is improved by a single- or two-family dwelling occupied by the owner for a period of not less than one year prior to the initiation of negotiations for the acquisition of such property. Such payment, not to exceed \$5,000, shall be an amount which, when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced owner, reasonably accessible to public services and places of employment and available on the private market: *Provided,* That such payment shall be made only to a displaced owner who purchases and occupies a dwelling within one year subsequent to the date on which he is required to move from the dwelling acquired for the project.

(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the prices prevailing in the locality for dwellings meeting the requirements of paragraph (1) above for all agencies making such payments.

RELOCATION ASSISTANCE PROGRAMS

SEC. 703. (a) If the head of any Federal agency acquires real property for public use in a State, he shall provide a relocation assistance program for displaced persons which shall offer the services described in subsection (c) of this section. If the head of such agency determines that other persons, occupying property immediately adjacent to the real property acquired, are caused substantial economic injury because of the public improvement for which such property is acquired, he may offer such persons relocation services under such program.

(b) Federal agencies administering programs which may be of assistance to displaced persons covered by this Act shall cooperate to the maximum extent feasible with the Federal or State agency causing the displacement to assure that such displaced persons receive the maximum assistance available to them.

(c) Each relocation assistance program required by subsection (a) of this section shall include, to the maximum extent practicable, such measures, facilities, or services as may be necessary or appropriate in order (1) to determine the needs of displaced families, individuals, business concerns, and farm operators for relocation assistance; (2) to assure that within a reasonable period of time prior to displacement, there will be available, in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary buildings equal in number to the number of, and available to, such displaced families and individuals and reasonably accessible to their places of employment, except that the President may prescribe by regulation situations when such assurances may be waived; (3) to assist owners of displaced businesses and displaced farm operators in obtaining and becoming established in suitable business locations or replacement farms; (4) to supply information concerning the Federal Housing Administration home acquisition program under section 221(d) (2) of the National Housing Act, the small business disaster loan program under section 7(b) (3) of the Small Business Act, and other programs offering assistance to displaced persons; (5) to assist in minimizing hardships to displaced persons in adjusting to relocation; and (6) to assure, to the greatest extent practicable, the coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community or nearby areas which may affect the carrying out of the relocation program.

(d) Paragraph (3) of section 7(b) of the Small Business Act is amended to read as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in continuing in business at its existing location, in reestablishing its business, in purchasing a business or in establishing a new business, if the Administration determines that such concern has suffered substantial economic injury as the result of its displacement by, or location in, adjacent to, or near, a federally aided urban renewal project or highway construction program or any other public improvement program conducted by or with funds provided in whole or in part by the Federal Government or by the States; and the purpose of a loan made

pursuant to such project or program may, in the discretion of the Administration, include the purchase or construction of other premises whether or not the borrower owned the premises occupied by the business and,".

STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

SEC. 704. Whenever real property is acquired by a State agency for a Federal public improvement project, such acquisition shall, for purposes of this Act, be deemed an acquisition by the Federal agency having authority over such project and such Federal agency shall make relocation payments, provide relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency.

AUTHORITY OF THE PRESIDENT

SEC. 705. (a) To carry into effect the provisions of this title, the President is authorized to make such rules and regulations as he may determine to be necessary to assure—

(1) that relocation payments authorized by section 702 shall be fair and reasonable and as uniform as practicable;

(2) that a displaced person who makes proper application for a relocation payment authorized for such person by section 702(a) shall be reimbursed for or paid—

(A) his actual reasonable expenses in moving himself, his family, his business, farm operation, or other personal property, and for his actual and reasonable expenses in searching for a replacement property;

(B) if he disposes of personal property on moving his business or farm operation and replaces such property at the new location at a price exceeding the sale price, the amount of the difference of such prices not to exceed, however, the estimated cost of moving the property or its market value, whichever is less; and

(C) such other expenses authorized by section 702(a) as may be provided for in regulations issued under this section;

(3) that a displaced person who makes proper application for a relocation payment authorized for such person by this title shall be paid promptly after a move or, in certain hardship cases, the President may, by regulation, authorize advance payment of certain relocation costs;

(4) that any person aggrieved by a determination as to eligibility for a relocation payment authorized by this title, or the amount of a payment, may have his application reviewed by the head of the agency; and

(5) that a displaced person shall have a reasonable time in which to apply for a relocation payment authorized by this title.

(b) The President may, by regulation, establish a limitation on the amount of a relocation payment authorized by section 702(a) with due consideration for the declaration of policy in this title and the provisions of subsection (a) of this section and section 707(b).

(c) In order to prevent unnecessary expense and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, the President is authorized to require that any Federal agency make relocation payments or provide relocation services, or otherwise carry out its functions under this title, by utilizing the facilities, personnel, and services of any other Federal agency, or by entering into appropriate contracts or agreements with any State agency having an established organization for conducting relocation assistance programs.

(d) The President may make such other rules and regulations consistent with the provisions of this title as he deems necessary or appropriate to carry out this title.

FUND AVAILABILITY

SEC. 706. Funds appropriated or otherwise available to any Federal agency for the ac-

quisition of real property or any interest therein shall be available also for obligation and expenditure to carry out the provisions of this title.

PART B.—FEDERALLY ASSISTED PROGRAMS

RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF AVAILABILITY OF HOUSING

SEC. 707. (a) Notwithstanding any other provision of law, on and after the effective date of this Act, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay the cost in connection with the acquisition of real property or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement with the head of such Federal agency to provide to displaced persons for moves from such real property—

(1) fair and reasonable relocation payments as described in section 702(a) of this title and in accordance with regulations established by the President under section 705 of this title;

(2) fixed relocation payments in the same amounts and under the same terms and conditions as are required to be made by a Federal agency by subsections 702 (c), (d), (e), and (f) of this title;

(3) relocation assistance programs offering the services described in section 703(c) of this title;

(4) a feasible method for the temporary relocation of families and individuals displaced from the property acquired, and assurance that within a reasonable period of time prior to displacement, there will be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and individuals and reasonably accessible to their places of employment; and

(5) a payment for owner-occupants under the same terms and conditions as are required to be made by Federal agencies by subsection 702(g) of this Act: *Provided*, That no such payment shall be required or included as a project cost under subsection 707(c) if the owner-occupant receives a payment required by the State law of eminent domain which is determined by the head of the Federal agency to have substantially the same purpose and effect as subsection 702(g) and to be part of the cost of the project for which Federal financial assistance is available.

(b) As a condition to further assistance to a State agency for the acquisition of real property or of a public improvement for which real property is to be acquired or as a result of which displacement will otherwise occur, the head of the Federal agency shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the State agency that decent, safe, and sanitary dwellings as required by subsection 707(a)(4) are available for the relocation of each such individual or family.

(c) The cost to a State agency of providing the payments and services described in subsection (a) of this section may be included as part of the cost of the project for which Federal financial assistance is available to such State agency and such State agency shall be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other project costs: *Provided*, That, notwithstanding any other law, the Federal agency providing such assistance shall contribute the first \$25,000 of the cost of providing such payments to any

person displaced prior to July 1, 1971: *And provided further*, That no State agency need agree to make any relocation payment in excess of \$25,000 to any displaced person in order to receive the assistance authorized by the subsection.

(d) In order to prevent unnecessary expenses and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, any agreement by a State agency under subsection (a) of this section shall provide that such agency may make relocation payments or provide relocation assistance or otherwise carry out its functions under this title by utilizing the facilities, personnel, and services of any other State agency having an established organization for conducting relocation assistance programs.

(e) Any grant to, or contract or agreement with a State agency executed before the effective date of this Act, under which Federal financial assistance is available to pay the cost in connection with the acquisition of real property, or of the improvement for which such property is acquired, may be amended to include an agreement as described in subsection (a) of this section.

(f) If the head of a Federal agency determines that it is necessary for the expeditious completion of a public improvement for which a State agency has entered into agreement, as described in subsection (a) of this section, to make relocation payments to displaced persons, or to provide the funds necessary to meet the requirements of section 805(b)(1) of this Act, he may advance the Federal share of such relocation payments and an amount necessary to make the required payments under section 805(b)(1) to such State agency. Upon determination by the head of such Federal agency that any part of the funds advanced to a State agency under this subsection are no longer required, the amount which he determines not to be required shall be repaid upon demand. Any sum advanced and not repaid on demand shall be deducted from sums otherwise available to such State agency from Federal sources.

DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSISTANCE UNDER TITLE I OF THE HOUSING ACT OF 1949, AS AMENDED

SEC. 708. A person who moves or discontinues his business, or moves other personal property, or moves from his dwelling on or after the effective date of this Act, as a direct result of any project or program which receives Federal financial assistance under title I of the Housing Act of 1949, as amended, shall, for the purposes of this title, be deemed to be a displaced person.

SEVERABILITY

SEC. 709. If any provision of this title, or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of the provision to other persons or circumstances shall not be affected thereby.

ACTS REPEALED

SEC. 710. (a) The following laws and parts of laws are hereby repealed:

(1) The Act entitled "An Act to authorize the Secretary of the Interior to reimburse owners of lands required for development under his jurisdiction for their moving expenses, and for other purposes," approved May 29, 1958 (43 U.S.C. 1231-1234).

(2) Paragraph 14 of section 203(b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

(3) Section 2680 of title 10, United States Code.

(4) Section 133 of title 23, United States Code.

(5) Section 7(b) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1606(b)).

(6) Section 105(c) of the Housing Act of 1949 (42 U.S.C. 1455(c)).

(7) Section 114 of the Housing Act of 1949 (42 U.S.C. 1465).

(8) Paragraph (8) of section 15 of the United States Housing Act of 1937 (42 U.S.C. 1415(8)), except the first sentence of such paragraph.

(9) Section 404 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3074).

(10) Section 107 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3307).

(b) Any rights or liabilities now existing under prior Acts or portions thereof shall not be affected by the repeal of such prior Acts or portions thereof under subsection (a) of this section.

TITLE VIII—UNIFORM LAND ACQUISITION POLICY

PART A.—FEDERAL PROGRAMS

UNIFORM POLICY ON LAND ACQUISITION PRACTICES

SEC. 801. (a) In order to encourage the acquisition of real property by amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal programs, and to promote public confidence in Federal land acquisition practices, heads of Federal agencies shall be governed by the following policies:

(1) The head of a Federal agency shall conduct transactions for the acquisition of real property in such a manner as to assure to the extent possible that persons whose property is acquired shall not be worse off economically than they were before the property was acquired.

(2) The head of a Federal agency shall make every reasonable effort to acquire real property by negotiated purchase.

(3) Real property shall be appraised before the initiation of negotiations, and the owner or his designated representative shall be given an opportunity to accompany the appraiser during his inspection of the property.

(4) Before the initiation of negotiations for property, the head of the Federal agency concerned shall establish a price which he determines to be a fair and reasonable consideration therefor, such price not to be less than the appraised value of the property as approved by such agency head, and shall make a prompt offer to acquire the property for the full amount so established.

(5) No owner shall be required to surrender possession of real property before the head of the Federal agency concerned pays the agreed purchase price, or deposits with the court in accordance with section 1 of the Act of February 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), for the benefit of the owner an amount not less than the appraised fair value of such property as determined by such agency head, or the amount of the award of compensation in the condemnation proceeding for such property.

(6) The construction or development of public improvements shall be so scheduled that, to the greatest extent practicable, no person lawfully occupying real property will be required to move from a dwelling, or to move his business or farm operation without at least ninety days' written notice from the head of the Federal agency concerned, of the date by which such move is required.

(7) If the head of the Federal agency concerned does not require a building, structure, or other improvement acquired as a part of the real property, he shall where practicable offer to permit its owner to remove it. As a condition of removal, an appropriate agreement shall be required whereby the fair value of such building, structure, or improvement for removal from the real property, as determined by such agency head, will be deducted from the compensation otherwise to be paid for the real property, however such compensation may be determined.

(8) If the head of a Federal agency permits an owner or tenant to occupy the real

property acquired on a rental basis for a short term or for a period subject to termination by the Government on short notice, the amount of rent required shall not exceed the fair rental value of the property to a short-term occupier.

(9) In no event shall the head of a Federal agency either advance the time of condemnation, or defer the condemnation and the deposit of funds in court for the use of the owner, in order to compel an agreement on the price to be paid for the property. If an agency head cannot reach an agreement with the owner, after negotiations have continued for a reasonable time, he shall promptly institute condemnation proceedings and, at the same time or as soon thereafter as practicable, file a declaration of taking and deposit funds with the court in accordance with the Act of February 26, 1931 (46 Stat. 1421; 40 U.S.C. 258a), if possession is required prior to the entry of the judgment in the condemnation proceeding.

(10) If an interest in real property is to be acquired by exercise of the power of eminent domain, the head of the Federal agency concerned shall, except as to property to be acquired under section 25 of the Tennessee Valley Authority Act of 1933 (48 Stat. 70, as amended; 16 U.S.C. 831x), request the Attorney General to institute formal condemnation proceedings. No Federal agency head shall intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of his property.

(11) If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the head of the Federal agency concerned shall offer to acquire the entire property.

(12) In determining the boundaries of a proposed public improvement, the head of the Federal agency concerned should take into account human considerations, including the economic and social effects of such determination on the owners and tenants of real property in the area, in addition to engineering and other factors.

(b) The provisions of this section shall not affect the validity of any property acquisitions by purchase or condemnation.

BUILDINGS, STRUCTURES, AND IMPROVEMENTS

SEC. 802. (a) Notwithstanding any other provisions of law, if the head of a Federal agency acquires land or any interest in land for public use in a State, he shall acquire a like interest, or greater interest, in all buildings, structures, or other improvements comprising part of the real property so acquired which are required to be removed from the land or which, in the opinion of such agency head, will be adversely affected by such public use, if such improvements are not required to be removed.

(b) As used in this section, the term "real property" means land, or any interest in land, and (1) any building, structure, or other improvement imbedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential and integral part thereof; (2) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (3) any article so designed, constructed, or specially adapted for the purpose for which such real property is used that (A) it is an essential accessory or part of such real property, (B) it is not capable of use elsewhere, and (C) it would lose substantially all its value if removed from the real property.

(c) For the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improve-

ment at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property: *Provided*, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer and release to the United States all his right, title, and interest in and to such improvements: *Provided further*, That no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law.

EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO THE UNITED STATES

SEC. 803. The head of a Federal agency, as soon as practical after the date of payment of the purchase price or the date of deposit of funds to satisfy the award of compensation in the condemnation proceeding to acquire real property, whichever is the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(1) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(2) penalty costs for prepayment of mortgage incident to such real property, provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the authorized Federal agency; and

(3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

PART B.—FEDERALLY ASSISTED PROGRAMS

REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREEMENTS FOR FEDERAL FINANCIAL ASSISTANCE

SEC. 804. (a) Notwithstanding any other provision of law, on and after the date of enactment of this Act no grant to or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement which shall provide—

(1) that every reasonable effort shall be made to acquire the real property by negotiated purchase;

(2) that the construction or development of the public improvement shall be so scheduled that, to the greatest extent practicable, no person will be required to move from a home, farm, or business location without at least ninety days' written notice from such State agency of the date by which the move is required; and

(3) that it shall be the policy of the head of the State agency, before initiating negotiations for real property, to establish a price which he believes to be a fair and reasonable consideration therefor, such price not to be less than the appraised value of the property as approved by such State agency head, and to make a prompt offer to acquire the property for the full amount so established.

(b) Notwithstanding any other provision

of law, on and after July 1, 1971, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property, or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance, unless such State agency has entered into the agreements described in subsection (a) of this section and has agreed—

(1) that no owner will be required to surrender possession of real property before the head of the State agency (A) pays the agreed purchase price, (B) makes available to the owner, by court deposit or otherwise, an amount not less than the appraised fair value of such property, as approved by such State agency head, without prejudice to the right of the owner to contest the amount of compensation due for the property, or (C) deposits or pays the final award of compensation in the condemnation proceeding for such property;

(2) that the head of the State agency, not later than the date of payment of the purchase price or the date of deposit of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(A) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(B) penalty costs for prepayment of mortgage incident to such real property, provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the State agency; and

(C) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

(3) that any decrease in the value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for the proposed public improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property; and

(4) that for the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the State agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property: *Provided*, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer, and release to the State agency all his right, title, and interest in and to such improvements: *Provided further*, That no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain

payment for his property interests of just compensation as otherwise defined by law.

PROVISIONS REPEALED

SEC. 805. Effective on July 1, 1971, sections 401, 402, and 403 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3071-3073) are hereby repealed.

TITLE IX—JUDICIAL REVIEW

SEC. 901. The provisions of sections 551-559 and 701-706 of title V United States Code, shall apply to an action of a Federal agency under title VII and title VIII. For purposes of this title, the definition of "person" contained in section 551(2) of title V, United States Code, shall be deemed to include a State as defined in this Act.

SEC. 902. Any person or State adversely affected or aggrieved by a final action of a Federal agency under title VII or title VIII of this Act may institute, in the district court in the United States or the judicial district in which such person resides or such State is located, or in which the claim of such person or State first arose, an action seeking review of such final action of the Federal agency and demanding appropriate relief therefrom.

AMENDMENT OFFERED BY MR. REUSS

Mr. REUSS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REUSS: Strike out all after the enacting clause of S. 698 and insert in lieu thereof the provisions of H.R. 18826, as passed.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 18826) was laid on the table.

GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and to extend their remarks on the bill (H.R. 18826) which was just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

REDUCING THE NUMBER OF FISH PROTEIN CONCENTRATE EXPERIMENTAL PLANTS

Mr. DINGELL. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3030) to amend section 3 of the act of November 2, 1966, relating to the development by the Secretary of the Interior of fish protein concentrate, as amended.

The Clerk read as follows:

S. 3030

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Act of November 2, 1966 (16 U.S.C. 778f), is amended as follows:

(1) The first sentence is amended by inserting "or leasing" immediately after "construction".

(2) The second sentence is amended by striking out "for the leasing of one additional experiment and demonstration plant, for the operation and maintenance of experiment and demonstration plants leased or constructed under this Act" and inserting in lieu thereof "for the leasing or construction of the experiment and demonstration plant referred to in the preceding sentence, for the

operation and maintenance of such experiment and demonstration plant".

The SPEAKER. Is a second demanded? Mr. SMITH of Iowa. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, the purpose of this bill is to reduce the number of fish protein concentrate experimental plants.

In effect, instead of affording the Secretary of the Interior the authority to construct one plant and to lease one plant for the development and processing of fish protein concentrate experimental in nature, the bill affords the Secretary of the Interior the option of either leasing or constructing one plant.

It is expected, according to the estimates of the departments downtown and of the Bureau of the Budget, that there will be no additional cost to the taxpayers under the bill as it has been reported from the committee and the same limitations which were imposed in terms of expenditures by the Federal Government and costs to the Federal Government when this legislation was passed originally years ago will be maintained.

The bill was reported unanimously from the Committee on Merchant Marine and Fisheries. There was not a dissenting vote and the committee strongly urges in its report that the House do enact the legislation before it.

Mr. Speaker, the purpose of S. 3030 is to provide the necessary funds to construct or lease an experiment and demonstration plant for the production of fish protein concentrate suitable for human consumption.

As many of the Members of the House will recall—approximately 2 years ago—the Congress enacted Public Law 89-701. This 1966 law authorizes the Secretary of the Interior to develop through the use of experiment and demonstration plants practicable and economical means for the production of fish protein concentrate. Further, the law authorizes to be appropriated \$1 million for design and construction of one plant and, in addition, \$1,555,000 annually for a period of 5 years for the leasing of a second plant, for the operation and maintenance of both plants—the one authorized to be constructed and the one authorized to be leased—and for carrying out the program authorized by the act.

Although the act became public law in November of 1966, no funds were appropriated during the first year of the program. During the second year of the program—fiscal year 1968—\$1 million was appropriated for design and construction of the plant authorized to be constructed and, in addition, \$1,135,000 was appropriated to be used—in the Secretary's discretion—for the leasing of the second plant, for the operation and maintenance of the two plants, and for carrying out the fish protein concentrate program authorized by the act.

As of this date, all of the appropriated funds have been used, except for the \$1 million for construction. None of the construction funds has been used. Subsequent to the passage of the 1966 act, it later developed that there was a need for more complex specialized equipment to meet the flouride residue requirements imposed by the Food and Drug Administration, a need to increase the extraction stages from three to five and a need to meet the other requirements of the Food and Drug Administration for fish protein concentrate made from whole fish to be safe for human consumption. Now, it has been determined that it will take about twice as much to design and construct a plant as preliminary estimates had indicated.

Mr. Speaker, S. 3030, as passed by the Senate, would authorize the additional funds needed for construction of a plant by increasing the appropriation authorization for construction from \$1 million to \$1.9 million. However—after lengthy hearings by my Subcommittee on Fisheries and Wildlife Conservation and after giving thorough consideration to the many views expressed at the hearings, by both industry and Government—the Committee on Merchant Marine and Fisheries deemed it in the best interest of all concerned to completely rewrite the appropriation authorization so as to reduce the cost of this program as much as possible and still allow it to go forward.

Mr. Speaker, this was accomplished by striking out all after the enacting clause and substituting new language to the following effect:

The first portion of the legislation would have the effect of reducing the number of plants authorized to be utilized in carrying out the fish protein concentrate program from two to one, which could either be leased or constructed, subject to the best judgment of the Secretary.

The second portion of the legislation—in conformity with the first portion—would rewrite the section of present law to reauthorize the same level of funding, that is, \$1,555,000 annually, reduce the number of plants authorized for the development of fish protein concentrate from two to one—which could either be constructed or leased—and authorize the Secretary to use some of these funds for construction, if in his discretion, he should determine that the Federal Government should construct a plant rather than lease one.

Mr. Speaker, all departments reported favorably on the legislation and the preponderance of the testimony presented at the hearings was favorable. The Committee on Merchant Marine and Fisheries was unanimous in urging passage of S. 3030, as amended, and I would like to join my colleagues in urging its prompt enactment.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman.

Mr. DON H. CLAUSEN. Mr. Speaker, the legislation before us, and I would pin the committee down on this matter, does not mean we are putting the Congress on

record as being opposed to adding fish protein concentrate plants in the future, if justified; does it?

Mr. DINGELL. No, this is only an experimental program. The function of the program is to find out, first of all, how this can be economically made. It costs about 48 cents a pound to make and if we were to comply with that for our foreign aid requirements, if those foreign aid requirements were to comply in dealing with our food and drug requirements, it would cost something on the order of 50 cents a pound. We are trying very hard to get the cost of this product down to 25 cents a pound, which is deemed to be an economical cost, and a cost which can make it useful as an additive to diet.

Mr. DON H. CLAUSEN. I just wanted to have the record very clear on this, because there are other areas of the country which are very interested, and at the appropriate time wish to make request for fish protein concentrate plants for the fishery resources that are available in those areas for exploitation and processing.

Mr. DINGELL. The committee is well aware of that, and that is one reason we are trying hard to keep the program going.

Mr. Speaker, I reserve the remainder of my time.

Mr. SMITH of Iowa. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is another of a series of steps that have been taken or are underway to legalize including filth in fish meal and making it an additive to bread and other foods. We finally cleaned up livestock and poultry protein sources with the meat and poultry inspection bills. Many of the fish processing plants have been found to be even more unsanitary, with rotten fish scales and particles from previous batches, and other residues and objectionable materials prevalent. There is no mandatory fish inspection service but instead of coming in here with a bill to clean up the fish processing industry the way we cleaned up meat and poultry, the committee is bringing you a bill to promote the production of ground whole fish including the intestinal waste and byproducts.

In reply to a letter from me concerning classification of such materials by FDA, it was stated as follows:

There is evidence which indicates that pathogens, toxins, pesticides, and medicaments may be present in manure. Additionally the very nature of manure causes it to be classified by FDA as filth.

Even if it is sterilized by bringing it to a high temperature, we should not legalize including filth in an additive.

I have no objection to research for better methods to dry fish flesh but I certainly do object to spending more Government money to develop a food containing filth.

Some have tried to say that my objection to this unwholesome product is based upon its competition with agricultural products. That is obviously wrong because even with the filth included, fish protein concentrate does not even come close to being competitive.

In April, AID contracted for some of this whole fish meal for 42 cents per

pound. Soybean flour is only 6 cents per pound. The fish meal is 75 percent protein while the soybean flour is 50 percent or in other words 9 cents worth of soy flour provides the same protein as 42 cents worth of this whole fish meal. The gentleman from Michigan just said that the goal is 25 cents. That still would be three times as much as the cost of getting the protein from the soybean. A concentrated form of soy flour, which is even higher in protein than the fish meal, costs 20 cents per pound or only one-half as much. Cottonseed products are roughly the same price as the soybean products. The reason why the fish meal has no possibility really of competing is that unprocessed soybeans in a dry form can be delivered to the processor for 4 cents per pound while it cost more than that just to get the fish including waste, water, and byproducts out of the ocean; and after that there is a considerable loss of weight in the drying process.

I do not know of any promotion since I have been in Congress that has been more heavily laden with misrepresentation. In order to make it sound like this would be a cheap food, in 1966, Interior's Bureau of Commercial Fisheries estimated the cost would be 13.1 cents a pound. But it has turned out to be 42 cents. They have consistently and fraudulently misrepresented that this would be a cheap protein food.

They even put out a press release indicating that a growing child could get a sufficient quantity of protein for one-third of a cent a day. When I questioned them as to the source of their estimate, the best they could do was to say that one Fernando Monckeberg of Chile had made such a statement and written an article to that effect. Can you imagine proceeding with that as an authority? When I secured the article that he had written, it turned out that even he found that an 80-pound child would need more than 1 ounce per day of the protein concentrate and that would cost nine times as much as they had estimated. FDA regulations prohibit a child up to 8 years old being given more than 20 grams per day of this kind of product so their protein requirements could not be furnished with this kind of product anyway without harm.

H. E. Crowther, Director of the Department of the Interior's Fish and Wildlife Service stated in a letter to me August 8, in reply to an inquiry to his office, that if this bill passes they will request an additional \$900,000 to put with a million dollars now being held in reserve to build a plant; and he states:

We know of no one who will construct a plant costing \$1,900,000 to lease to the Government for a limited period authorized in the bill as amended.

The reason is obvious. Private industry knows that the plant would be a white elephant because even if it is permitted to produce the proposed unwholesome product, the product is not competitive and does not even come close to being competitive. If there were a possibility of this product becoming competitive, private industry could do it. The sooner we stop this high pressure promotion for legalizing this product for human con-

DIGEST of Congressional Proceedings

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HIGHLIGHTS: House conferees were appointed on farm bill and instructed to insist on extension of program for 1 year only.

HOUSE

1. FARM PROGRAM. By a 223-123 vote, agreed to a motion by Rep. Poage to send to conference H. R. 17126, to continue the Food and Agriculture Act of 1965. In reply to Rep. Findley's question as to whether the House conferees will "insist upon the provision of the bill which establishes a \$20,000 limitation on payments," Rep. Poage stated that the rules of the House "require the conferees on any bill at any time to make a serious effort to sustain the position of the House" and also that the purpose for a conference is to try to work out the differences between the two Houses which means that "somewhere there must be some give on the part of each..." Agreed to a motion by Rep. Mayne that the House conferees insist that the Food and Agriculture Act

be extended for 1 year only. House conferees were then appointed. Senate conferees have been appointed. pp. H8813-15

2. APPROPRIATIONS. Received the conference report on H. R. 18785, the military construction appropriation bill, 1969 (H. Rept. 1896). This bill includes funds for payment to the Commodity Credit Corporation on the indebtedness for housing constructed in foreign countries with foreign currencies derived from the sale of surplus commodities. pp. H8783-4
Conferees were appointed on H. R. 18037, the Labor, HEW, and related agencies appropriation bill, 1969. Senate conferees have not been appointed. p. H8786
3. REORGANIZATION. Reps. Railsback, MacGregor, and Brock urged that the legislative reorganization bill be brought to the floor before final adjournment. pp. H8785, H8819-20, H8840-75
4. RENEGOTIATION. Conferees were appointed on H. R. 17324, to extend and amend the Renegotiation Act of 1951. Senate conferees have not been appointed. p. H8784
5. ROADS. Rep. Morris, N. M., expressed alarm that the administration "would once again attempt to hold back highway funds for the Federal-aid highway program." p. H8818
6. FOREIGN TRADE. Rep. Dent discussed "international trade problems in general and the makeup of the trade panel recently named by the President." pp. H8829-39
7. LEGISLATIVE PROGRAM. Rep. Albert announced that the conference reports on the military construction and national trails bills will be ready for Wed. and that the conference report on the foreign aid authorization bill will be held over until Thurs.; also that on Wed. the supergrades and civil service retirement financing bills will be considered. p. H8816

SENATE

8. LANDS. Concurred in House amendment to S. 220, to authorize the Secretary of the Interior to sell certain parcels of land upon which an agricultural trespass has been recently discovered. This bill will now be sent to the President. p. S10907
9. INTERGOVERNMENTAL COOPERATION. Conferees were appointed on S. 698, to strengthen State and local governments and improve the relations between those governments and the Federal Government through closer cooperation and coordination of policies and activities, particularly in the administration of Federal grant and loan programs for development assistance and by other means. House conferees have not been appointed. pp. S10914-16
10. HIGHWAYS. Received from GAO a report on the opportunity to increase highway trust fund investment income by revising Federal reimbursement policy, Federal Highway Administration, Transportation Department. p. S10850

one-quarter mile inland from mean high tide) between Del Norte Coast State Park and the Klamath River, between the Klamath River and the northern boundary of Prairie Creek State Park, and between the southern boundary of Prairie Creek State Park and the northern boundary of Dry Lagoon State Park—approximately 4,100 acres.

Minor areas account for another 150 acres, more or less, within the revised park boundaries. The estimated cost of acquiring the lands is \$92,000,000 in cash or kind. This estimate is based principally on an appraisal made by Hammon, Jensen & Wallen, an experienced timber appraisal firm, and includes allowances for contingencies and for administrative expenses connected with the acquisition.

The three State parks mentioned above total 27,500 acres. They and other State lands within the boundaries of the park will be acquired only by donation, as both the Senate bill and the House amendment provided, but a donation or agreement to donate the State parks will not be a condition precedent to establishment of the national park as the House amendment proposed. Until donated, public highways and roads within the park will continue to be operated by the State and its political subdivisions. The Secretary of the Interior, however, is authorized to cooperate with State and local officials in this work by section 2(b) of the conference committee amendment. Whether the State will donate its parks and other lands will be up to it to decide. If it decides not to do so, the National Park Service will nevertheless be expected to cooperate with State officials to minimize administrative problems and to offer to the American public a full opportunity to enjoy the beauty and grandeur of the Redwood country.

The conference committee recommends, as did the original Senate bill, that the Secretary of the Interior have authority to utilize lands within the Northern Redwood Purchase Unit, except the 935 acres which are within the Yurok Experimental Forest, for acquisition of some of the private lands within the park. It also recommends that the Secretary be authorized to utilize for exchange purposes lands within the State of California which are under the administrative jurisdiction of the Bureau of Land Management. This latter provision was in the Senate bill and a similar, though somewhat broader, provision was in the House amendment. The provision with respect to the use of the Purchase Unit is not intended to be precedent-setting. It is, rather, a rare exception to the rule which ought to be followed in all except the most compelling of circumstances and is justified in this case only by the exceptional status of the Purchase Unit and by the desire to preserve as a part of the National Park System trees which would otherwise be exploited even though this must be at the price of trees of the same species in Government ownership which are now subject to the same treatment. In view of these two provisions of the bill, it is expected that the cash outlay required for the park will be considerably below the \$92,000,000 mentioned above. This means, of course, that use of the exchange authority is not to be subordinated to use of the cash-acquisition authority. Not only will the consummation of exchanges reduce the Government's cash outflow but it will carry out the purpose for which it is being granted—viz, to "minimize economic dislocation and the disruption of . . . of commercial operations" in the chief industry of the locality.

In order to expedite establishment of the park and to avoid serious changes in the cost of acquiring the land which might occur after passage of the legislation, the conference committee has included in section 3(b) of the bill a legislative taking provision. This provision will be applicable to the greater part of the private lands within the bound-

aries of the park. Its effect is to vest in the United States, as soon as the bill passes both Houses and is signed by the President, title to all lands within the park boundaries which are owned or operated by the four major lumber companies concerned, to all other tracts of 50 acres or more, and to tracts of less than 50 acres which are utilized primarily for nonresidential and nonagricultural purposes. The four companies referred to are the Arcata Redwood Co., the Rellim Lumber Co., the Simpson Lumber Co., and the Georgia-Pacific Corp., and their affiliates. The lands held by or for them which are affected by this provision are as follows, as nearly as can now be determined:

	Acres (approximate)
Arcata Redwood Co.....	11,000
Simpson Lumber Co.....	5,770
Georgia-Pacific Corp.....	3,420
Rellim Lumber Co.....	2,260

A legislative taking provision—one, however, that was not identical with the one that is included in the bill—was requested by the company principally concerned. The companies will be given time to remove their facilities, equipment, and other personal property, including felled trees, from the property. Compensation for the taking, to the extent it is paid in cash and not in kind, will be paid from moneys appropriated from the Land and Water Conservation Fund upon certification by the Secretary of the Interior of the amount involved. If such payment is not made or if the amount paid is not satisfactory to the companies, they will be entitled to a judicial determination made by the Court of Claims under 28 U.S.C. 1491. In either event, the value as ultimately determined will draw interest from the date of taking until the date of payment at the rate of 6 percent per annum. The bill provides in explicit terms that the United States "will" pay just compensation for this property and thus pledges the full faith and credit of the Government that this will be done. In view of these provisions and in order, moreover, to give the present owners an equivalent in cash or kind as soon as possible, it is strongly recommended (a) that the Secretary of the Interior, as far as he can do so consistently with other commitments on the Land and Water Conservation Fund, seek an immediate appropriation to fulfill the obligations of the United States, and (b) that, to the extent that a settlement in kind is not likely or cannot be negotiated, he pay over to the companies whatever appropriated funds are available to him within the limits of his estimate of the fair market value of the land taken, such payment to be without prejudice, if his estimate of value is not satisfactory to the companies, to further determination of the value either by negotiation or by judicial action.

The members of the conference committee note, in this connection, that they were requested to consider and did consider including in the bill a section the effect of which would have been to give companies the advantages of section 1033 of the Internal Revenue Code if they convert the cash they receive from this involuntary disposition of their property into certain other types of income-producing property within a limited time. The other types spoken of would have been somewhat broader than that presently allowed by section 1033 and the time frame might have been somewhat longer than is now provided by law. The committee found it infeasible to include such a provision in this bill. It notes, however, that it has been authoritatively advised that the present provisions of law are not and ought not to be construed so strictly that a conversion of redwood assets into whitewood assets is outside the bounds of section 1033 and that, sympathetic as it is with the general position in which the companies find themselves, a

broader approach than the one provided in that section may well be warranted in this instance. It recommends that consideration be given to this problem through a separate measure during the next session of the Congress.

The provisions of the House amendment authorizing the acquisition of land bordering Highway 101 between Prairie Creek State Park and the town of Orick and the creation of a buffer zone around the periphery of the park, either by acquisition of scenic easements and other interests in land or through cooperative agreements with the landowners in order to protect park values, has been retained by the conference committee in section 3, subsections (d) and (e), of its substitute amendment. While land acquired under the first of these provisions will not be within the park, it will be an important adjunct to it. The intent of the second provision is to assure, among other things, that clear cutting will not occur immediately around the park and, wherever it is reasonable to do so, to allow selective logging to be carried on there.

The conference report recommends the inclusion in the park boundaries of a strip of offshore submerged land one-quarter mile wide the full length of the park. This is done with the understanding that fishing, both sport and commercial, will be allowed to continue in the area involved and that the laws governing the same will be the laws of the State of California.

The House amendment contained a provision authorizing the owners of existing homes within the park boundaries to retain title thereto as long as they conform to approved zoning ordinances. While this provision has heretofore been used in connection with the establishment of national recreation areas and national seashores, it is not, the members of the conference committee believe, consistent with what ought to be an objective when a national park is established—viz., the ultimate elimination of all private inholdings within park boundaries. It has therefore been dropped in the conference committee's proposed substitute. The substitute, however, contains the provisions of both the House and the Senate versions of the bill allowing the owner of an existing noncommercial residence to retain rights of use and occupancy for his life and the life of his spouse or, if he so chooses, for a term of 25 years or less beginning on the date the property is acquired by the Government. An additional provision has been included, applying only to two sections of land at the mouth of the Klamath River, authorizing the Secretary of the Interior to lease back or sell back certain lands under conditions which assure uses compatible with the purposes and existence of the park.

The provisions of section 7 of the conference committee's recommended substitute are derived from the House amendment. They (1) authorize the Secretary of the Interior to enter into firm contracts for the purchase of land under the act once an appropriation has been made for this purpose even though the appropriation is insufficient to cover the whole purchase price, (2) allow the Secretary and the landowners concerned to agree upon payment of the purchase price of land in installments over a 10-year period or less, the unpaid balance to bear interest at a rate not exceeding that of the current yield on outstanding U.S. obligations maturing at or about the same time as the last payment is due, and (3) make applicable to judgments rendered against the United States in condemnation actions, including actions under section 3 of the bill, the same procedure for appropriating funds to satisfy such judgments as is applicable to other judgments against the Government. In effect this means, and it is the intent of the conference committee that it should be so applied, that judgments for \$100,000 or less

will be paid from the continuing appropriation created in 31 U.S.C. 724a and that judgments for more than that amount will be processed as ordinary judgments against the United States are processed; that is, by being included in the items "Claims and Judgments" (e.g., 79 Stat. 1152) which is regularly transmitted to the Congress for appropriations. Since, as has been noted above, the bulk of the private land within the park boundaries is being taken legislatively, the chief benefit of this provision will, in all likelihood, accrue to such of the smaller landowners as may be subject to condemnation. In the case of the larger holders who choose to recover just compensation by means of a suit in the Court of Claims, however, it will and is intended to provide an alternative method of payment to that provided in section 3(b).

The final section of the bill authorizes the appropriation of \$92,000,000 for the acquisition of land. As has already been noted, it is expected that utilization of the exchange provisions of the bill will reduce the cash outlay required considerably below this figure. The \$92,000,000 figure compares with the \$100,000,000 in the original Senate bill and the \$56,750,000 in the House amendment. Although this section omits the limitation of the amount authorized to be appropriated for development which was contained in the House amendment, it is the understanding of all members of the conference committee that no appropriation will be requested or made for this purpose, except for such work as is required for immediate administration of the park, until a master development plan has been submitted to the two Committees on Interior and Insular Affairs.

WAYNE N. ASPINALL,
ROY A. TAYLOR,
HAROLD T. JOHNSON,
JOHN P. SAYLOR,
THEODORE R. KUPFERMAN,

Managers on the Part of the House.

Mr. MORSE. Mr. President, I want to make clear that I am not critical of the chairman of the conference, the Senator from Washington [Mr. JACKSON]. I am not critical of the fact it could not be brought up this afternoon, but I do want to say to the chairman of the conferees and to the leadership of the Senate, that we will be here for quite some time, anyway, before there is a final, sine die adjournment of the Senate; thus, under the circumstances, I think there should be a postponement of any action on the conference report until I can be here in order to present the point of view of the private property owners involved in the bill.

Mr. President, I yield the floor.

COMMITTEE MEETINGS DURING SESSION OF THE SENATE TO- MORROW

Mr. LONG of Louisiana. Mr. President, I was under the impression had been granted for all committees to meet tomorrow during the session of the Senate, and I would ask the Chair if that is correct?

The PRESIDING OFFICER. The Chair is advised that that permission has not yet been granted.

Mr. LONG of Louisiana. Mr. President, then, on behalf of the majority leader—and I believe this has all been cleared—I ask unanimous consent that all committees of the Senate be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERGOVERNMENTAL COOPERA- TION ACT OF 1968

Mr. LONG of Louisiana. Mr. President, at the request of the junior Senator from Maine [Mr. MUSKIE], I ask the Chair to lay before the Senate a message from the House of Representatives on S. 698.

The PRESIDING OFFICER. I laid before the Senate the amendment of the House of Representatives to the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes which was, strike out all after the enacting clause, and insert:

That this Act be cited as the "Intergovernmental Cooperation Act of 1968".

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation.

STATE

SEC. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

- (A) to a State; or
- (B) to a political subdivision of a State; or

(C) to a beneficiary under a plan or program which is subject to approval by a Federal agency;

if such authorization either (1) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL FINANCIAL ASSISTANCE

SEC. 107. The term "Federal financial assistance" does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which any department or agency of the executive branch of the Federal Government is especially equipped and authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning", except in title V, includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulatory and administrative measures in support of the foregoing.

HEAD OF AGENCY

SEC. 110. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing to the Governor or other official designated by him, and the State legislature, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency. The head of the Federal agency and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to the grant-in-aid received by the States.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency administering such program may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organizational arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State and local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The head of any Federal department or agency is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment, to the department or agency by the

unit of government making the request, of salaries and all other identifiable direct or indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations determines Federal departments and agencies have special competence to provide. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT FOR SERVICES

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to miscellaneous receipts of the Treasury.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President may, therefore, establish rules and regulations governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

- (1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;
- (2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;
- (3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;
- (4) Adequate outdoor recreation and open space;
- (5) Protection of areas of unique natural beauty, historical and scientific interest;
- (6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and

(7) Concern for high standards of design.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. State and local government objectives, together with the objectives of regional organizations shall be considered and evaluated within a framework of national public objectives, as expressed in Federal law, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and, to the extent authorized by law, made part of comprehensive local and area-wide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 501. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning

and land-use practices and shall be made to the greatest extent in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the

proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such unit; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) Preparation, as a guide for governmental policies and action, of general plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

"(2) Long-range physical and fiscal plans for such action;

"(3) Programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

"(4) Coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(5) Preparation of regulatory and administrative measures in support of the foregoing."

Mr. LONG of Louisiana. Mr. President, on behalf of the junior Senator from Maine [Mr. MUSKIE], I move that the Senate disagree to the amendment to S. 698 adopted by the House, and request a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. MUSKIE, Mr. ERVIN, Mr. METCALF, Mr. HANSEN, and Mr. BAKER the conferees on the part of the Senate.

RECESS UNTIL 10 A.M. TOMORROW

Mr. LONG of Louisiana. Mr. President, if no other Senators desire to make statements at this time, I move, pursuant to the order previously entered, that the Senate stand in recess until 10 o'clock a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 25 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, September 18, 1968, at 10 o'clock a.m.

CONFIRMATION

Executive nomination confirmed by the Senate September 17, 1968:

MISSISSIPPI RIVER COMMISSION

Subject to qualifications provided by law, the following for appointment as a member of the Mississippi River Commission: Don A. Jones, rear admiral, USESSA.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued September 20, 1968
For actions of September 19, 1968
90th-2nd; No. 153

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HIGHLIGHTS: Senate agreed to conference report recommending 1 year extension of farm program. House received conference report on food stamp bill. Both Houses agreed to conference report on foreign-aid authorization bill. House passed foreign-aid appropriation bill. Senate concurred in House amendment to Wash. wilderness bill. Senate agreed to conference report on trails bill and Redwood Park bill.

HOUSE

1. FOREIGN AID. Both Houses agreed to the conference report on H. R. 15263, the foreign-aid authorization bill. This bill will now be sent to the President. pp. S11108-112, H8965-9
2. APPROPRIATIONS. Passed, 173-139, as reported H. R. 19908, the foreign-aid appropriation bill, which had been reported earlier in the day by the Appropriations Committee (H. Rept. 1906). pp. H8963, H8965, H8976-98
Agreed to the conference report on H. R. 17023, the independent offices and HEW appropriation bill. pp. H8969-75

3. **FOOD STAMPS.** Received the conference report on S. 3608, to continue authorizations for the Food Stamp Act of 1964 (H. Rept. 1908). The revised bill extends the authorization through Dec. 1970. It authorizes \$315 million for 1969, \$340 million for 1970, and \$170 million for the first half of 1971. It omits the provision making strikers and students ineligible under certain conditions. It includes the House requirement for annual reports from the Department. pp. H8998-9
4. **INTERGOVERNMENTAL RELATIONS.** Conferees were appointed on S. 698, the proposed Intergovernmental Cooperation Act of 1968. Senate conferees have been appointed. p. H9000
5. **FOOD SERVICES.** The D. C. Committee reported with amendments S. 2012, to amend the D. C. Public School Food Services Act (H. Rept. 1915). p. H9008
6. **PERSONNEL.** A subcommittee of the Post Office and Civil Service Committee approved for full committee action S. 1190, relating to computation of surviving spouses' annuities of reemployed annuitants, and postponed action on S. 1507, to include firefighters within hazardous-occupation retirement provisions. p. D851
7. **BORDER INSPECTION.** Rep. Bob Wilson said inspection personnel on the Mexican border should be increased. pp. H8964-5
8. **MEAT IMPORTS.** Rep. Kleppe said a recent voluntary reduction in meat exports by Australia and New Zealand "may temporarily take some of the pressure off the domestic cattle market" but that a meat-import control law is still needed. p. H9001
9. **INFLATION.** Rep. Dorn deplored the Chrysler price increase as inflationary. p. H9003
10. **LEGISLATIVE PROGRAM.** Rep. Albert announced that the conference reports on the farm and food stamp bills will be considered beginning next Wed. and that the retirement financing bill will be considered Tues. or later in the week. p. H9000
11. **ADJOURNED** until Mon., Sept. 23. p. H9007

SENATE

12. **FARM PROGRAM.** Agreed to the conference report on H. R. 17126, the farm bill. The conference substitute extends the Food and Agriculture Act of 1965 for 1 year and omits all other provisions of the House bill and of the Senate amendment. p. S11107
Sen. McGee inserted a paper by a small Wyo. farmer, "Farm Programs in Perspective." pp. S11083-4
13. **WILDERNESS.** Concurred in the House amendment to S. 1321, to establish the North Cascades National Park and Ross Lake National Recreation Area, to designate the Pasayten Wilderness and to modify the Glacier Peak Wilderness, Wash. This bill will now be sent to the President. p. S11039

recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That subsection (a) of section 16 of the Food Stamp Act of 1964 is amended (A) by deleting from the first sentence the phrase 'not in excess of \$225,000,000 for the fiscal year ending June 30, 1969' and inserting in lieu thereof the following: 'not in excess of \$315,000,000 for the fiscal year ending June 30, 1969; not in excess of \$340,000,000 for the fiscal year ending June 30, 1970; not in excess of \$170,000,000 for the six months ending December 31, 1970'; (B) by changing the word 'year' at the end of such first sentence to 'period'; and (C) by adding at the end of the subsection the following sentence: 'On or before January 20 of each year, the Secretary shall submit to Congress a report setting forth operations under this Act during the preceding calendar year and projecting needs for the ensuing calendar year.'"

And the House agree to the same.

W. R. POAGE,
E. C. GATHINGS,
GRAHAM PURCELL,
THOMAS S. FOLEY,

Managers on the Part of the House.

ALLEN J. ELLENDER,
SPESSARD L. HOLLAND,
HERMAN E. TALMADGE,
B. EVERETT JORDAN,
GEORGE D. AIKEN,
MILTON R. YOUNG,
J. CALEB BOGGS,

Managers on the Part of the Senate.

STATEMENT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill, S. 3068, to extend the Food Stamp Act of 1964, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

1. Expiration date: The Senate bill did not extend the expiration date of the appropriation authorization of the Act beyond June 30, 1969. The House bill extended this authorization to June 30, 1972. The conference substitute extends this authorization to December 31, 1970.

2. Authorization: The Senate bill increased the appropriation authorization in fiscal year 1969 by \$20 million to \$245 million. The House bill authorized "such sums as may be necessary" for fiscal year 1969 and each of the three subsequent fiscal years. The conference substitute provides for an increase in authorization of \$90 million making a total authorization of \$315 million for fiscal year 1969, an authorization of \$340 million for fiscal 1970, and an authorization of \$170 million for the first six months of fiscal 1971.

3. Strikers and students eligibility: The House bill made strikers and students ineligible to participate in the food stamp program under certain conditions. The conference substitute deletes this House provision and leaves the determination of eligibility to be made under the existing law.

4. The Senate receded from its disagreement to the amendment of the House to require progress reports of the Secretary of Agriculture on or before January 20 of each year. The conference substitute requires reports to Congress by such date setting forth operations under the Act during the preceding calendar year and projecting needs for the ensuing calendar year.

W. R. POAGE,
E. C. GATHINGS,
GRAHAM PURCELL,
THOMAS S. FOLEY,

Managers on the Part of the House.

PERMISSION FOR COMMITTEE ON THE DISTRICT OF COLUMBIA TO FILE REPORTS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight tonight to file sundry reports on District of Columbia bills.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEGISLATIVE PROGRAM

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute.)

Mr. GERALD R. FORD. Mr. Speaker, I yield to the distinguished majority leader, the gentleman from Oklahoma [Mr. ALBERT] to inform us as to the legislative program.

Mr. ALBERT. Mr. Speaker, we have completed the program for this week and will ask to go over until Monday following the announcement of the program for next week.

The program for next week is as follows:

On Monday, District day, there are eight bills.

H.R. 17845, authorizing construction of parking facilities; S. 1246, District of Columbia Public Space Utilization Act; S. 1247, District of Columbia Public Space Rental Act; S. 2012, to amend the District of Columbia Public School Food Services Act; H.R. 18980, to authorize the District of Columbia to convey interests in certain property in Prince William County, Va.; S. 2496, to authorize reciprocal agreements for police mutual aid on behalf of the District of Columbia; S. 2592, to provide notice of the enforcement of a security interest in real property in District of Columbia; and S. 2017, to authorize the District of Columbia to enter into contracts for the inspection, maintenance, and repair of District-owned buildings.

On Tuesday:

S. 945, the Federal Magistrates Act—continue consideration, and

S. 2484, extension of New Senate Office Building site—open rule, 1 hour of debate. The rule has already been adopted.

POSTPONING VOTES ON MONDAY AND TUESDAY UNTIL WEDNESDAY NEXT

Mr. ALBERT. Mr. Speaker, if the gentleman will yield for this purpose at this point, in view of the fact that Monday and Tuesday are Jewish holy days, I ask unanimous consent that rollcall votes on other than procedural matters on Monday and Tuesday may go over until Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, this again poses the question of record votes on bills that are considered on Monday and Tuesday. I have no knowledge whatever of the District bills and there are, I believe, eight of them. As to whether any of those bills are of an important nature—I mean in the sense of importance to the rest of

the country—I have no knowledge. I do know something about the Federal Magistrates Act and the Senate Office bill.

I have had difficulty in the past with respect to record votes after a piling up of measures on which record votes were demanded. I regret to say at that I was not able to get votes that otherwise would have been obtainable. I am speaking now of situations of this kind in years past.

Can we have some assurance from the leadership that record votes will be in order on the two bills scheduled—at least the two bills scheduled for Tuesday, during that time the gentleman is asking that rollcall votes be put over? Is there any way that we can have some assurance that there will be rollcall votes on at least both those two bills if rollcall votes are sought?

Mr. ALBERT. Mr. Speaker, will the gentleman yield, so that I may respond to him?

Mr. GROSS. I am glad to yield to the gentleman from Oklahoma.

Mr. ALBERT. Of course, this procedure is very rare, and has been since we stopped putting rollcall votes over for primaries.

Mr. GROSS. I understand that.

Mr. ALBERT. The gentleman knows that the matter of rollcalls is within the judgment and power of the House itself. It is something over which I have no control. So far as I am concerned, I would say to the gentleman that I have no objection to having record votes on those measures and, speaking for myself personally, I would be glad to assist in obtaining record votes if only a few Members wanted me to do so. I will stand up for ye-and-nay votes. That is as far as I can go.

Mr. CAHILL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman from New Jersey.

Mr. CAHILL. As the majority leader knows, the Federal Magistrates Act was completed—general debate was completed. There were no amendments at the Clerk's desk. When the Committee rose on yesterday, the Committee was ready to resolve itself back into the House, and there would have been a request for a vote. I am wondering if the Federal magistrates bill, since all debate is completed and there are no amendments at the Clerk's desk, could not be continued over to Wednesday, and then there would be no question. I think Members on the majority side could assure the majority leader that what I have said is a fact.

Mr. ALBERT. If the gentleman will yield, I understand that there is one technical amendment which is required for purposes of correction.

Mr. CAHILL. A technical amendment.

Mr. ALBERT. A technical amendment only.

Mr. CAHILL. That is correct.

Mr. ALBERT. We had hoped that we could get into these other bills early on Wednesday, but as far as I am concerned, I would be willing to have the Federal magistrates bill made the first order of business on Wednesday.

Mr. CAHILL. I thank the majority leader.

Mr. GROSS. I think that would solve the problem.

Mr. ALBERT. We will schedule, then, H.R. 17682, civil service retirement, on Tuesday. However, I have been advised that the gentleman handling that bill may not be here Tuesday, in which event the bill will be considered later in the week.

Mr. GROSS. I do have that assurance of the distinguished majority leader.

Mr. ALBERT. We will put the Federal Magistrates Act down as the first order of business, if it is down to the question of voting, on Wednesday, or, in any event, not later than immediately after the conference reports which are already scheduled.

Mr. GROSS. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Speaker, in accordance with the agreement just now reached for Wednesday and the balance of the week, we have two conference reports which we are putting down:

H.R. 17126, Extension of Food and Agriculture Act of 1965; and

H.R. 18249, to amend the Food Stamp Act of 1964.

We may or may not take these ahead of the Federal Magistrates Act, but we hope to have all three bills on Wednesday.

May I say to my colleagues also that we do expect other conference reports next week. There will probably be a conference report on the higher education bill, and there may well be a conference report on the vocational education bill. There are, of course, conferences pending on appropriation and other bills.

To make even more clear a statement I have previously made, if the gentleman handling H.R. 17682, the Civil Service Retirement Financing Act, is here on Tuesday, we would expect him to call that bill up on Tuesday. If not, he will call it up after the other bills on Wednesday or Thursday. I think that is clear.

Under the agreement made, there will be no rollcall votes until Wednesday, except on procedural matters.

This announcement is made subject to the usual reservation that conference reports may be brought up at any time and that any further program may be announced later.

Mr. Speaker, with respect to the program announcements, the distinguished chairman of the Committee on Ways and Means has asked us to add to the list of bills which he hopes to call up by unanimous consent certain other bills which have been unanimously reported from the Committee on Ways and Means. The RECORD of September 5, on page H8329, contains a list of the other bills, all of which the distinguished chairman of the Committee on Ways and Means hopes to call up by unanimous consent some day next week.

Mr. Speaker, I ask unanimous consent that the list of additional bills may be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

ADDITIONAL BILLS REPORTED UNANIMOUSLY FROM THE COMMITTEE ON WAYS AND MEANS

H.R. 14095, relating to the production of wine.

H.R. 15023, regulated investment companies furnishing capital to development companies.

H.R. 17332, credits and payments in the case of certain uses of gasoline and lubricating oil.

H.R. 18253, definition of earned income for pension plans of self-employed individuals.

H.R. 18373, implementing certain customs conventions.

H.R. 18486, tax treatment of income from communications satellite system.

H.R. 18942, tax treatment of certain statutory mergers.

DISPENSING WITH BUSINESS IN ORDER UNDER THE CALENDAR WEDNESDAY RULE ON WEDNESDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT TO SEPTEMBER 23, 1968

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, can the distinguished majority leader give us any encouragement, any hope that we will be adjourning in the near future?

Mr. ALBERT. Mr. Speaker, we have hopes. I think the gentleman can see we are moving to conference reports, and we have very little initial legislation on the program for next week—only three bills, as a matter of fact.

I have just been advised by the gentleman from North Carolina that the scenic rivers conference report will be ready for next week, and we will expect to call it up next week one day, probably on Wednesday or Thursday of next week.

Mr. GROSS. Mr. Speaker, we can hope to call it up next week, one day, probably follow on the foreign aid appropriation bill will wind up in much less time than the conference on the foreign aid authorization bill.

Mr. ALBERT. Mr. Speaker, I share the gentleman's hope on that.

Mr. GROSS. Mr. Speaker, I thank the gentleman, and I hope we can be out by the 1st of October, and not later than the third or fourth. They say the fishing in Iowa is improving, especially the fishing for votes, and I would like to get out there.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to

the request of the gentleman from Oklahoma?

There was no objection.

ELECTION TO STANDING COMMITTEE ON EDUCATION AND LABOR

Mr. GERALD R. FORD. Mr. Speaker, I offer a privileged Resolution (H. Res. 1310) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1310

Resolved, That James M. Collins, of Texas, be, and is hereby, elected a member of the standing committee of the House of Representatives on Education and Labor.

The resolution was agreed to.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON S. 698, INTERGOVERNMENTAL CO-OPERATION ACT OF 1968

Mr. RANDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasing complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? The Chair hears none, and appoints the following conferees: Messrs. HOLIFIELD, BLATNIK, and REUSS, Mrs. DWYER, and Mr. ERLBORN.

CORRECTION OF VOTE

Mr. BURKE of Florida. Mr. Speaker, on rollcall No. 321 I am recorded as not voting. I was present and voted "yea." I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

APPOINTMENT AS MEMBER OF HOUSE OFFICE BUILDING COMMISSION

The SPEAKER. Pursuant to the provisions of 40 U.S.C. 175 and 176, the Chair appoints the gentleman from Florida,

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued October 1, 1968
For actions of September 30, 1968
90th-2nd; No. 160

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HIGHLIGHTS. House received conference report on intergovernmental cooperation bill. Rep. Talcott criticized "paper waste" in USDA. Senate passed continuing appropriations resolution.

HOUSE

1. **INTERGOVERNMENTAL COOPERATION.** Received the conference report on S. 698, the proposed Intergovernmental Cooperation Act of 1968 (H. Rept. 1934). pp. H9260-64
2. **LANDS.** The Agriculture Committee reported with amendment S. 3736, to authorize the Secretary of Agriculture to sell to the village of Central, N. Mex., certain lands administered by him formerly part of the Fort Bayard Military Reservation (H. Rept. 1933). p. H9255

3. TAXATION. Passed as reported H. R. 17332, to extend the time for claiming a credit or refund of excise tax on gasoline used on a farm or for other non-highway purposes. pp. H9265-7

Passed as reported H. R. 14095, to amend the Internal Revenue Code of 1954 to make certain changes to facilitate the production of wine. pp. H9272-3

Passed with amendment H. R. 15003, to amend the Tariff Schedules of the United States so as to prevent the payment of multiple customs duties in the case of horses temporarily exported for the purpose of racing. pp. H9270-1

Concurred in the Senate amendments to H. R. 2155, to amend the Tariff Schedules of the United States with respect to the classification of Chinese gooseberries. This bill will now be sent to the President. p. H9276

4. TRAVEL. Received from Commerce a proposed bill to amend the International Travel Act of 1961, as amended, in order to improve the balance of payments by further promoting travel to the United States; to Interstate and Foreign Commerce Committee. p. H9295

5. ASSISTANT SECRETARY. Received from Treasury a proposed bill to provide for an additional Assistant Secretary in the Treasury Department; to Ways and Means Committee. p. H9295

6. PAPER WASTE. Rep. Talcott criticized the "waste of paper" and the "waste of electronic data processing facilities" in the Government and stated that this Department "is one of the greatest paper offenders in the Federal Government." p. H9292

7. SOCIAL SECURITY. Rep. Addabbo inserted the text of a statement by Social Security Commissioner Ball issued to clear up "misunderstandings" created by notices and leaflets being distributed on the streets "alleging that a bill before Congress would convert the social security program into a welfare-type program." pp. H9293-4

8. SCENIC RIVERS. Rep. Saylor defended his efforts to have the Clarion River in Pa. included in the scenic rivers system. pp. H9292-3

9. NATIONAL GOALS. Rep. Gubser outlined a set of national goals upon which to build a better America in which he advocated "a proper balance between government of the lesser and intermediate communities and the Federal Government," that "agricultural price supports should be abolished" and a "permanent Hoover Commission should be established." pp. H9288-91

10. APPROPRIATIONS. The conferees were given until midnight, Sept. 30, to file a report on H. R. 18037, the Labor, HEW appropriation bill. p. H9253

11. LEGISLATIVE PROGRAM. Under a unanimous consent agreement the House may consider tomorrow or any day this week, H. R. 19418, to expedite the retirement of Government capital from the Federal intermediate credit banks, and H. R. 19747, to improve the Older Americans Act. p. H9276

INTERGOVERNMENTAL COOPERATION ACT OF 1968

SEPTEMBER 30, 1968.—Ordered to be printed

Mr. HOLIFIELD, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany S. 698]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act be cited as the "Intergovernmental Cooperation Act of 1968".

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation.

STATE

SEC. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a plan or program, administered by a State or a political subdivision of a State, which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term also includes money, or property provided in lieu of money, paid and furnished by the United States to any community action agency under the Economic Opportunity Act of 1964, as amended. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

SEC. 107. The term "Federal assistance", "Federal financial assistance", "Federal assistance programs", or "federally assisted programs",

means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees, or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which any department or agency of the executive branch of the Federal Government is especially equipped and authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulatory and administrative measures in support of the foregoing.

HEAD OF AGENCY

SEC. 110. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing the Governor, the State legislature, or other official designated by either, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions. In each instance, a copy of requested information shall be furnished the State legislature or the Governor depending upon the original request for such data.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid

funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency. The head of the Federal agency and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to the grant-in-aid received by the States.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds, or subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency administering such program may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organizational arrangements within the State government and approve other State administrative structure or arrangements: Provided, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The head of any Federal department or agency is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment, to the department or agency by the unit of government making the request, of salaries and all other identifiable direct or indirect costs of performing such services: Provided, however, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations determines Federal departments and agencies have special competence to provide. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President shall, therefore, establish rules and regulations governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objec-

tives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

(1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;

(2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

(3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

(4) Adequate outdoor recreation and open space;

(5) Protection of areas of unique natural beauty, historical and scientific interest;

(6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and

(7) Concern for high standards of design.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. State and local government objectives, together with the objectives of regional organizations shall be considered and evaluated within a framework of national public objectives, as expressed in Federal law, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and, to the extent authorized by law, made part of comprehensive local and areawide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules

and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—ACQUISITION USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 501. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

“TITLE VIII—URBAN LAND UTILIZATION

“SHORT TITLE

“SEC. 801. This title may be cited as the ‘Federal Urban Land-Use Act’.

“DECLARATION OF PURPOSE AND POLICY

“SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations and to encourage sound planning, zoning, and land use practices by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made to the greatest extent practicable in accordance with planning and development objectives of the local governments and local planning agencies concerned.

“DISPOSAL OF URBAN LANDS

“SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

“(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

“(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

“(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

“ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

“SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator

shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such unit; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) Preparation, as a guide for governmental policies and action, of general plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

"(2) Long-range physical and fiscal plans for such action;

"(3) Programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

"(4) Coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(5) Preparation of regulatory and administrative measures in support of the foregoing."

TITLE VI—REVIEW OF FEDERAL GRANT-IN-AID PROGRAMS

CONGRESSIONAL REVIEW OF GRANT-IN-AID PROGRAMS

SEC. 601. (a) Where any Act of Congress authorizes the making of grants-in-aid and no expiration date for such authority has been specified by law, then prior to the expiration of each period specified in subsection (b) the Committees of the Senate and the House having legislative jurisdiction over such grants-in-aid shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made and advise their respective Houses of the results of their findings with special attention to—

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met;

(2) The extent to which the objectives of such programs can be carried on without further financial assistance from the United States;

(3) Whether or not any changes in purpose, direction or administration of the original program, or in procedures and requirements applicable thereto, shall be made; and

(4) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

(b)(1) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted before the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year beginning after the date of enactment of this Act, and thereafter prior to the expiration of the fourth calendar year following the year during which a study of such program was last conducted under this paragraph.

(2) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted after the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year following the year of enactment of such Act, and prior to the expiration of each fourth calendar year thereafter.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 602. (a) Upon request of any committee having jurisdiction over a grant-in-aid program, the Comptroller General shall make a study of such program to determine among other relevant matters, the extent to which—

(1) such program conflicts with or duplicates other grant-in-aid programs; and

(2) more effective, efficient, economical, and uniform administration of such program can be achieved by changing certain requirements and procedures applicable thereto.

(b) In reviewing grant-in-aid programs the Comptroller General shall consider, among other relevant matters, and the budgetary, accounting, reporting and administrative procedures applicable to such programs.

Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 603. Upon request of any committee having jurisdiction over a grant-in-aid program, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall conduct studies of the intergovernmental relations aspects of such program including (1) the impact of such program, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such program with State and local administration thereof, and shall report its findings and recommendations to such committee and to the Congress.

PRESERVATION OF HOUSE AND SENATE COMMITTEE JURISDICTION

SEC. 604. Nothing in this Act shall be construed to affect the jurisdiction of committees under the rules of the Senate and the House of Representatives.

And the House agree to the same.

CHET HOLIFIELD,
JOHN A. BLATNIK,
HENRY S. REUSS,
FLORENCE P. DWYER,
JOHN N. ERLNBORN,

Managers on the Part of the House.

EDMUND S. MUSKIE,
SAM J. ERVIN, Jr.,
LEE METCALF,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck all of the Senate bill after the enacting clause and inserted a new text which is a substitute for both the Senate bill and the House amendment. Except for minor, technical, and clarifying changes, this statement explains the differences between the House amendment and the conference substitute.

TITLE I—DEFINITIONS

Section 106. Grant or grant-in-aid

This section defines the terms "grant" and "grant-in-aid." Under the Senate, these terms (subject to certain exceptions) meant payments—

(A) to a State;

(B) to a political subdivision of a State; or

(C) "to a beneficiary under a State-administered plan or pro-

gram which is subject to approval by a Federal agency," under a fixed authorization which requires matching or contains an allotment formula. The definition in the House amendment was identical except that under clause (C) the plan or program was not required to be State administered. The conference substitute makes two changes in the definition contained in the House amendment: First, the plan or program is required under clause (C) to be administered by a State or a political subdivision of a State. Second, payments by the United States to community action agencies under the Economic Opportunity Act of 1964 are specifically included within the defined terms.

Section 107. Federal assistance, etc.

The Senate bill provided that the terms "Federal assistance," "Federal financial assistance," "Federal assistance programs," and "federally assisted programs" mean programs that provide assistance through grant or contractual arrangements (including technical assistance and assistance in the form of loans, loan guarantees, or insurance), but do not include the Federal payment to the District of Columbia. The House amendment provided only that the term "Federal assistance" did not include the Federal payment to the District of Columbia. The House recedes.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

Section 201. Full information on funds received

The Senate bill required Federal agencies administering programs of grants-in-aid to States or their political subdivisions to notify, on request, the Governor (or official designated by him) or the State legislature of the purpose and amount of actual grants-in-aid to the State or its political subdivisions. The House amendment required notification to the Governor (or his designee) and the State legislature. The conference substitute requires that, on request, notification be given to the Governor, State legislature, or other official designated by either, and that a copy of the requested information be furnished to the State legislature or the Governor depending upon the original request for such data.

Section 203. Scheduling of Federal transfers to the States

Both the Senate bill and the House amendment contained a section relating to scheduling of Federal transfers to the States. The House amendment, however, deleted a provision of this section of the Senate bill which directed that the States not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes. The conference report contains this provision of the Senate bill.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

Section 303. Reimbursement of appropriation

The Senate bill provided that funds received by Federal agencies as payment for furnishing specialized or technical services to State and local governments be deposited to the credit of the principal appropriation from which the cost of providing the services was paid or is to be charged, or to the appropriation currently available for the cost of similar services. The House amendment required that these funds be deposited to miscellaneous receipts of the Treasury. The conference substitute provides that these funds will be deposited to the credit of the principal appropriation from which the cost of providing the services was paid or is to be charged.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

Section 401. Declaration of development assistance policy

The Senate bill directed the President to establish rules and regulations for uniform application in the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, for the purpose of assuring that they will most effectively serve the objectives of title IV of the bill. The House amendment authorized him to establish rules and regulations governing the formulation, evaluation, and review of such programs and projects for such purpose. The conference substitute directs the President to establish rules and regulations governing the formulation, evaluation, and review of such programs and projects for such purpose.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

Section 802 of Federal Property and Administrative Services Act of 1949—Declaration of purpose and policy

The Senate bill and House amendment both contain an amendment to the Federal Property and Administrative Services Act of 1949. The amendment adds a new title, relating to urban land utilization, to that act. Under the Senate bill, section 802 of the new title, which contains a declaration of purpose and policy for the title, provides that one of the purposes of the new title is to encourage sound planning, zoning, and land use practices. In the House amendment, the declaration of purpose and policy for the new title contains no comparable provision. The House recedes.

TITLE VI—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

Title V of the Senate bill related to congressional review of Federal grants-in-aid to States and to local units of government. The House amendment contained no comparable provision. Title VI of the conference report contains a substitute for title V of the Senate bill. The substitute eliminates sections 501, 502, and 506 of the Senate bill (which contained a statement of purpose and provisions relating to automatic termination of future grant-in-aid programs and to records and audits) and modifies the remaining provisions of the title in the manner discussed below. In deleting section 502 of the Senate bill (automatic termination), the conferees agreed upon the objective that reasonable termination dates be placed on all new programs and on existing programs and make this recommendation to the appropriate committees of the Senate and the House.

Section 601. Congressional review of grant-in-aid programs

This section is based on section 503 of the Senate bill, which provided for Senate and House review of all future grant-in-aid programs which have authorizations of more than 3 years. Such review would consider the extent to which the purposes of the programs have been met, the extent they can be carried on with or without further financial assistance, whether changes are needed in their direction, administration, or purpose in light of recommendations of the Comptroller General and the Advisory Committee on Intergovernmental Relations, and the adequacy of the programs.

The conference substitute provides for review at 4-year intervals grant-in-aid programs for which no expiration date has been specified by law. The committees of the Senate and the House having legislative jurisdiction over such grant-in-aid programs are directed, separately or jointly, to conduct studies of the programs and to advise their respective Houses of the results of their findings. The review would consider the factors listed in the Senate bill (but without any specific reference to the recommendations of the Comptroller General or the Advisory Committee).

Section 602. Studies by Comptroller General of Federal grant-in-aid programs

This section is based on section 504 of the Senate bill, which provided for continuing studies of Federal grant programs to be made by the Comptroller General of the United States. The conference substitute authorizes the Comptroller General to conduct these studies, but only on request of a committee having jurisdiction over the grant-in-aid program.

Section 603. Studies by Advisory Commission on Intergovernmental Relations

This section of the conference report, which is not substantially different from section 505 of the Senate bill, provides that upon request of any committee of the Senate or House having jurisdiction over a grant-in-aid program, the Advisory Commission on Intergovernmental Relations will conduct studies of the intergovernmental relations aspects of such program including the impact of such program, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such program with State and local administration thereof. The Commission's findings and recommendations would be reported to the requesting committee and to the Congress.

Section 604. Preservation of House or Senate committee jurisdiction

This section of the conference report provides that nothing in the bill will be construed to affect jurisdiction of committees under the rules of the Senate or House.

ADDITIONAL TITLES OF SENATE BILL

The House amendment deleted titles VII and VIII of the Senate bill, which related to uniform relocation assistance and uniform land acquisition policy, and title IX, which related to judicial review of

certain administrative actions under titles VII and VIII. The conference substitute omits these three titles.

The conferees were in agreement on the desirability of the Congress enacting a uniform relocation policy to assist those displaced from their homes, farms, or businesses by Federal and federally assisted projects. They were also agreed upon the desirability of a uniform land acquisition policy in cases where Federal or federally assisted programs result in the taking of the land of private owners. They recommend to the appropriate committees of both Houses that action be taken on these objectives as soon as possible.

CHET HOLIFIELD,
JOHN A. BLATNIK,
HARRY S. REUSS,
FLORENCE P. DWYER,
JOHN N. ERLNBORN,

Managers on the Part of the House.



... should consider the factors listed in the Senate bill ...

... 504 of the Senate bill ...

... of the Senate bill ...

... will be considered ...

... THE HOUSE OF REPRESENTATIVES ...

entry of cellulosic plastics materials imported for use in artificial kidney machines."

A motion to reconsider was laid on the table.

DEVELOPMENT COMPANIES TREATED AS REGULATED INVESTMENT COMPANIES

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 15023) to amend the Internal Revenue Code of 1954 to provide a longer period of time for disposition of certain assets in the case of regulated investment companies furnishing capital to development companies, which was unanimously reported to the House by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, I shall not object, but I reserve the right in order to yield to the chairman of the committee for an explanation of the bill.

Mr. MILLS. I thank my friend from Wisconsin.

Mr. Speaker, this bill (H.R. 15023) relates to the asset diversification requirement for a so-called development company which qualifies for regulated investment company tax treatment. The advantage of this tax treatment is that the company only pays tax on the income which it retains and does not pay any tax on the income which it distributes to shareholders. This bill has been reported unanimously by your committee and the Treasury has indicated that it does not object to its passage.

Present law generally requires a regulated investment company to diversify its investments within prescribed limits. There is a limited exception, however, for a development company. This is a company which is principally engaged in furnishing capital to new, small businesses, businesses principally engaged in developing or exploiting new products.

A development company can rely on the exception to the general asset diversification requirement only if no more than 25 percent of the value of its assets represents securities of issuers in which, first, the company has held an interest for 10 years or more, and, second, the development company's holdings represent more than 10 percent of the voting stock of each issuer. Even after this 10-year period, however, a development company may retain its "excess holdings" and continue to qualify as a regulated investment company. It can do so by relying on a savings provision in present law which applies to regulated investment companies generally.

A case has come to the attention of the committee of a development company relying on the savings provision I have just described to continue to qualify as a regulated investment company. The company continues to qualify for this preferential tax treatment even though the company can no longer make "development company" type investments in

small, new businesses principally engaged in developing or exploiting new products. This situation—that of a former development company qualifying as a regulated investment company even though it is not making investments in small, new businesses—frustrates the purpose of providing the present exception for the development company and making preferential tax treatment available to it. Your committee does not believe this situation should be permitted to continue. As a result, the committee has decided to limit the general savings provision so that a development company cannot rely on it. The result generally is to require a development company, if it is to continue to qualify for regulated investment company tax treatment, to dispose of its "excess holdings."

The sudden withdrawal of the right of a development company to rely on the general savings provision of present law would, your committee believed, be unfair to companies which in good faith are relying on this provision. The committee's bill therefore, permits a development company a 20-year period, as contrasted to the 10-year period of existing law, in which to dispose of its excess holdings so as to continue to qualify for regulated investment company tax treatment. The bill requires a company to evidence its intent to dispose of its excess holdings, however—if the company wants to retain regulated investment company tax treatment—by disposing of at least 40 percent of its excess holdings not later than the close of the 15th year. The company must dispose of all its excess holdings by the close of the 20th year for it to continue to qualify for regulated investment company tax treatment.

Mr. BYRNES of Wisconsin. Mr. Speaker, this bill (H.R. 15023) deals with a special problem which has arisen on account of the requirements under existing law for qualification as a regulated investment company. The amendment in question is based on experience. When the law was first written, we had no experience to serve as a guide.

A regulated investment company is treated under the tax laws as a conduit, being taxed only on the income which is not distributed to its shareholders. This enables the small shareholder to obtain a wide diversity of investment through the purchase of stock in a regulated investment company. It gives the small investor a spreading of risk and diversity which he could not otherwise obtain.

Because of the special tax treatment, the qualifications for a regulated investment company are necessarily restrictive. There are limits to the proportion of its assets which such a company can invest in a single stock. Those limits are predicated upon the value of the stock rather than its cost.

In the case brought to our attention, a regulated investment company—for which special rules were provided as a company furnishing capital to new enterprises—made an investment which was well within the prescribed limitations. In this particular case, however, that investment increased in value more

than hundredfold. In fact, the investment increased in value to the extent that its value overshadowed all other investments of regulated investment company.

Under existing law, the company is required to dispose of the excess investment within a 10-year period in order to bring the ratio of that investment within the limitations prescribed for an investment company. Until this was accomplished, the investment company could no longer invest in new and developing enterprises. It could no longer serve as a development company.

The bill would extend the period for divestment, requiring at the same time that during the extended period—and by the close of the fifth year of the extension—the investment company must have taken steps to divest itself of the excess stock in order to be in a position again to meet the limitations prescribed by law. If the company has so acted by the end of the fifth year, the company will then have an additional 5 years to complete the transition.

I think that the situation—as it was presented to the committee—clearly demonstrated the need for remedial action. My only dissatisfaction resulted from the fact that in the situation in question, the regulated investment company—or development company—had not brought the matter to our attention at an earlier date. I did not like the idea of having the company wait until it was "under the gun" before seeking a solution of the problem. The requirement that action be initiated within the first 5 years of the extension will, I hope, avoid any similar emergency in the future. In consideration of this, I support the bill.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

H.R. 15023

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 851(c) (2) of the Internal Revenue Code of 1954 (relating to investment companies furnishing capital to development corporations) is amended by striking out "10 or more years" and inserting in lieu thereof "20 or more years".

(b) Paragraph (4) of section 851(e) of such Code (relating to definitions) is amended to read as follows:

"(4) DEFINITIONS. The terms used in this subsection shall have the same meaning as in subsections (b) (4) and (c) of this section, but in applying subsection (b) (4) (A) to an investment company to which this subsection applies any debt obligation issued with a maturity date of not more than five years shall be treated as a cash item if the obligation is not convertible and is not associated with the issuance of stock rights or warrants."

(c) Section 851(d) of such Code (relating to determination of status of regulated investment companies) is amended by adding at the end thereof the following new sentence: "If a corporation qualifies as a regulated investment company for any taxable year without the application of this subsection but would not qualify for such taxable year without the application of the provisions of subsection (e), this subsection

tion shall not be applicable to such corporation for any subsequent taxable year for which the Securities and Exchange Commission fails to make the determination provided for in paragraph (1) of subsection (e) or for which the corporation fails to satisfy the limitation set forth in paragraph (2) of subsection (e)."

(d) The amendments made by subsections (a) and (b) shall be applicable to taxable years beginning on or after January 1, 1967. The amendment made by subsection (c) shall be applicable to taxable years beginning after the date of enactment of this Act.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That (a) section 851(e) of the Internal Revenue Code of 1954 (relating to investment companies furnishing capital to development corporations) is amended—

"(1) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) LIMITATIONS.—

"(A) EXCESS INVESTMENTS AFTER 15 YEARS.—If—

"(i) at the close of any taxable year (whether beginning before, on, or after the date of the enactment of this subparagraph), more than 25 percent of the value of the total assets of an investment company is represented by securities of issuers with respect to each of which the investment company holds more than 10 percent of the outstanding voting securities of such issuer and in respect of each of which or any predecessor thereof the investment company has continuously held any security for 10 or more years, and

"(ii) at the close of the fifth taxable year following such taxable year (but only if such fifth taxable year begins after the date of the enactment of this subparagraph), the investment company has not reduced by at least 40 percent its holdings of each issue of securities described in clause (i) which represented the excess investment in such securities (as determined under paragraph (5)), the provisions of this subsection shall not apply at the close of any quarter of such fifth taxable year to such investment company, unless at the close of such year the securities described in clause (i) represent 25 percent or less of the value of its total assets (or are reduced to 25 percent or less of such value within 30 days thereafter).

"(B) EXCESS INVESTMENTS AFTER 20 YEARS.—The provisions of this subsection shall not apply at the close of any quarter of a taxable year to an investment company if at the close of such quarter more than 25 percent of the value of its total assets is represented by securities of issuers with respect to each of which the investment company holds more than 10 percent of the outstanding voting securities of such issuer and in respect of each of which or any predecessor thereof the investment company has continuously held any security for 20 or more years preceding such quarter unless the value of its total assets so represented is reduced to 25 percent or less within 30 days after the close of such quarter; and

"(2) by inserting after paragraph (4) thereof the following new paragraph:

"(5) RULES FOR APPLICATION OF PARAGRAPH (2) (A).—

"(A) EXCESS INVESTMENT.—For purposes of paragraph (2) (A), the excess investment with respect to any issue of securities described in clause (i) of such paragraph held by an investment company is an amount equal to an amount determined by multiplying—

"(i) the aggregate value of the securities described in clause (i) of such paragraph, reduced by an amount equal to 25 percent

of the value of the total assets of the investment company, by

"(ii) a fraction the numerator of which is the value of such issue of securities and the denominator of which is the aggregate value of all securities described in such clause (i) held by the investment company.

"(B) SUBSTITUTION FOR LESS-APPRECIATED SECURITIES.—If the percentage appreciation in value per share of any issue of securities described in clause (i) of paragraph (2) (A) is less than the average percentage appreciation in value per share of all issues of securities described in such clause, the reduction, or any part thereof, in the holdings of such issue required under clause (ii) of paragraph (2) (A) shall be treated as satisfied by a reduction (in addition to the reduction required under such clause) of a dollar amount of the holdings of any other issue of securities described in clause (i) of such paragraph, the average appreciation in value per share of which is higher than the average appreciation in value per share of all issues of securities described in such clause, equal to the dollar amount of such issue which would have to be disposed of to effectuate such reduction or such part. This subparagraph shall apply only if the investment company files a statement, at the time of making its return for the taxable year, identifying the transaction or transactions in which its holdings of such other issue were reduced in substitution for a reduction in the holdings of such issue.

"(C) TIME FOR MAKING DETERMINATIONS.—For purposes of subparagraph (A) of this paragraph and clause (ii) of paragraph (2) (A), all determinations shall be made as of the close of the applicable taxable year referred to in clause (i) of paragraph (2) (A). For purposes of applying subparagraph (B) of this paragraph, all determinations shall be made at the time of the transaction identified by the investment company under such subparagraph.

"(b) Section 851(d) of such Code (relating to determination of status of regulated investment companies) is amended by adding at the end thereof the following new sentence: 'If a corporation meets the requirements of subsection (b) (4) (A) at the close of any quarter of any taxable year (whether beginning before, on, or after the date of the enactment of this sentence) by reason of the application of the provisions of subsection (e), this subsection shall not apply to such corporation for any subsequent quarter or any taxable year (beginning after the date of the enactment of this sentence) for which the Securities and Exchange Commission fails to make the determination provided for in paragraph (1) of subsection (e) or for which the corporation fails to satisfy the limitations set forth in paragraph (2) (A) of subsection (e) or the limitation set forth in paragraph (2) (B) of such subsection.'

"(c) The amendment made by subsection (a) shall apply to taxable years beginning on or after January 1, 1967. The amendment made by subsection (b) shall apply to taxable years beginning after the date of the enactment of this Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION TO FILE CONFERENCE REPORT ON S. 698

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on S. 698, a bill to achieve the full-

est cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes.

THE SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT (H. REPT. NO. 1934)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That this Act be cited as the 'Intergovernmental Cooperation Act of 1968.'

"TITLE I—DEFINITIONS

"When used in this Act—

"FEDERAL AGENCY

"SEC. 101. The term 'Federal agency' means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation.

"STATE

"SEC. 102. The term 'State' means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State.

"POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

"SEC. 103. The term 'political subdivision' or 'local government' means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

"UNIT OF GENERAL LOCAL GOVERNMENT"

"SEC. 104. 'Unit of general local government' means any city, county, town, parish, village, or other general purpose political subdivision of a State.

"SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT"

"SEC. 105. 'Special-purpose unit of local government' means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

"GRANT OR GRANT-IN-AID"

"SEC. 106. The term 'grant' or 'grant-in-aid' means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

"(A) to a State; or

"(B) to a political subdivision of a State; or

"(C) to a beneficiary under a plan or program, administered by a State or a political subdivision of a State, which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term also includes money, or property provided in lieu of money, paid and furnished by the United States to any community action agency under the Economic Opportunity Act of 1964, as amended. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

"FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS"

"SEC. 107. The term 'Federal assistance', 'Federal financial assistance', 'Federal assistance programs', or 'federally assisted programs', means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees, or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code secs. 47-2501a and 47-2501b).

"SPECIALIZED OR TECHNICAL SERVICES"

"SEC. 108. 'Specialized or technical services' means statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which any department or agency of the executive branch of the Federal Government is especially equipped and authorized by law to perform.

"COMPREHENSIVE PLANNING"

"SEC. 109. 'Comprehensive planning' includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pat-

tern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definite financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulatory and administrative measures in support of the foregoing.

"HEAD OF AGENCY"

"SEC. 110. The term 'head of a Federal agency' or 'head of a State agency' includes a duly designated delegate of such agency head.

"TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES"**"FULL INFORMATION ON FUNDS RECEIVED"**

"SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing the Governor, the State legislature, or other official designated by either, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions. In each instance, a copy of requested information shall be furnished the State legislature or the Governor depending upon the original request for such data.

"DEPOSIT OF GRANTS-IN-AID"

"SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency. The head of the Federal agency and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to the grant-in-aid received by the States.

"SCHEDULING OF FEDERAL TRANSFERS TO THE STATES"

"SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

"ELIGIBLE STATE AGENCY"

"SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency administering such program may, upon request of the Governor or other appropriate executive or legis-

lative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organizational arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

"TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT"**"STATEMENT OF PURPOSE"**

"SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

"AUTHORITY TO PROVIDE SERVICE"

"SEC. 302. The head of any Federal department or agency is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment, to the department or agency by the unit of government making the request, of salaries and all other identifiable direct or indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations determines Federal departments and agencies have special competence to provide. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

"REIMBURSEMENT OF APPROPRIATION"

"SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged.

"REPORTS TO CONGRESS"

"SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

"RESERVATION OF EXISTING AUTHORITY"

"SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

"TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

"DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

"SEC. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President shall, therefore, establish rules and regulations governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

"(1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;

"(2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

"(3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

"(4) Adequate outdoor recreation and open space;

"(5) Protection of areas of unique natural beauty, historical and scientific interest;

"(6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and

"(7) Concern for high standards of design.

"(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. State and local government objectives, together with the objectives of regional organizations shall be considered and evaluated within a framework of national public objectives, as expressed in Federal law, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

"(c) To the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources, development, community facilities, and the general improvement of living environments.

"(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

"(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and, to the extent authorized by law, made part of comprehensive local and area-wide development planning.

"FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

"SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government.

"RULES AND REGULATIONS

"SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

"TITLE V—ACQUISITION USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

"AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

"SEC. 501. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION

"SHORT TITLE

"SEC. 801. This title may be cited as the Federal Urban Land-Use Act.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations and to encourage sound planning, zoning, and land use practices by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made to the greatest extent practicable in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general

local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such unit; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) "Urban area" means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) "Comprehensive planning" includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) Preparation, as a guide for governmental policies and action, of general plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

"(2) Long-range physical and fiscal plans for such action;

"(3) Programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

"(4) Coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(5) Preparation of regulatory and administrative measures in support of the foregoing."

"TITLE VI—REVIEW OF FEDERAL GRANT-IN-AID PROGRAMS"**"CONGRESSIONAL REVIEW OF GRANT-IN-AID PROGRAMS"**

"SEC. 601. (a) Where any Act of Congress authorizes the making of grants-in-aid and no expiration date for such authority has been specified by law, then prior to the expiration of each period specified in subsection (b) the Committees of the Senate and the House having legislative jurisdiction over such grants-in-aid shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made and advise their respective Houses of the results of their findings with special attention to:

"(1) The extent to which the purposes for which the grants-in-aid are authorized have been met;

"(2) The extent to which the objectives of such programs can be carried on without further financial assistance from the United States;

"(3) Whether or not any changes in purpose, direction or administration of the original program, or in procedures and requirements applicable thereto, shall be made; and

"(4) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

"(b) (1) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted before the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year beginning after the date of enactment of this Act, and thereafter prior to the expiration of the fourth calendar year following the year during which a study of such program was last conducted under this paragraph.

"(2) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted after the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year following the year of enactment of such Act, and prior to the expiration of each fourth calendar year thereafter.

"STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS"

"SEC. 602. (a) Upon request of any committee having jurisdiction over a grant-in-aid program, the Comptroller General shall make a study of such program to determine among other relevant matters, the extent to which:

"(1) such program conflicts with or duplicates other grant-in-aid programs; and

"(2) more effective, efficient, economical, and uniform administration of such program can be achieved by changing certain requirements and procedures applicable thereto.

"(b) In reviewing grant-in-aid programs the Comptroller General shall consider, among other relevant matters, and the budgetary, accounting, reporting and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

"STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS"

"SEC. 603. Upon request of any committee having jurisdiction over a grant-in-aid program, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall conduct studies of the intergovernmental relations aspects of such program including (1) the impact of such program, if any, on the structural organization of State and local governments and on Federal-State-local fis-

cal relations, and (2) the coordination of Federal administration of such program with State and local administration thereof, and shall report its findings and recommendations to such committee and to the Congress.

"PRESERVATION OF HOUSE AND SENATE COMMITTEE JURISDICTION"

"SEC. 604. Nothing in this Act shall be construed to affect the jurisdiction of committees under the rules of the Senate and the House of Representatives."

And the House agree to the same.

CHET HOLIFIELD,
JOHN A. BLATNIK,
HENRY S. REUSS,
FLORENCE P. DWYER,
JOHN N. ERLBORN,

Managers on the Part of the House.

EDMUND S. MUSKIE,
SAM J. ERVIN, JR.,
LEE METCALF,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck all of the Senate bill after the enacting clause and inserting a new text which is a substitute for both the Senate bill and the House amendment. Except for minor, technical, and clarifying changes, this statement explains the differences between the House amendment and the conference substitute.

TITLE I—DEFINITIONS**Section 106. Grant or grant-in-aid**

This section defines the terms "grant" and "grant-in-aid". Under the Senate, these terms (subject to certain exceptions) meant payments—

(A) to a State,

(B) to a political subdivision of a State, or

(C) "to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency",

under a fixed authorization which requires matching or contains an allotment formula. The definition in the House amendment was identical except that under clause (C) the plan or program was not required to be State administered. The conference substitute makes two changes in the definition contained in the House amendment: First, the plan or program is required under clause (C) to be administered by a State or a political subdivision of a State. Second, payments by the United States to community action agencies under the Economic Opportunity Act of 1964 are specifically included within the defined terms.

Section 107. Federal assistance, etc.

The Senate bill provided that the terms "Federal assistance", "Federal financial as-

sistance", "Federal assistance programs" and "federally assisted programs" mean programs that provide assistance through grant or contractual arrangements (including technical assistance and assistance in the form of loans, loan guarantees, or insurance), but do not include the Federal payment to the District of Columbia. The House amendment provided only that the term "Federal assistance" did not include the Federal payment to the District of Columbia. The House recedes.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES**Section 201. Full information on funds received**

The Senate bill required Federal agencies administering programs of grants-in-aid to States or their political subdivisions to notify, on request, the Governor (or official designated by him) or the State legislature of the purpose and amount of actual grants-in-aid to the State or its political subdivisions. The House amendment required notification to the Governor (or his designee) and the State legislature. The conference substitute requires that, on request, notification be given to the Governor, State legislature, or other official designated by either, and that a copy of the requested information be furnished to the State legislature or the Governor depending upon the original request for such data.

Section. 203. Scheduling of Federal transfers to the States

Both the Senate bill and the House amendment contained a section relating to scheduling of Federal transfers to the States. The House amendment, however, deleted a provision of this Section of the Senate bill which directed that the States not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes. The conference report contains this provision of the Senate bill.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT**Section 303. Reimbursement of appropriation**

The Senate bill provides that funds received by Federal agencies as payment for furnishing specialized or technical services to State and local governments be deposited to the credit of the principal appropriation from which the cost of providing the services was paid or is to be charged, or to the appropriation currently available for the cost of similar services. The House amendment required that these funds be deposited to miscellaneous receipts of the Treasury. The conference substitute provides that these funds will be deposited to the credit of the principal appropriation from which the cost of providing the services was paid or is to be charged.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS**Section 401. Declaration of development assistance policy**

The Senate bill directed the President to establish rules and regulations for uniform application in the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, for the purpose of assuring that they will most effectively serve the objectives of title IV of the bill. The House amendment authorized him to establish rules and regulations governing the formulation, evaluation, and review of such programs and projects for such purpose. The conference substitute directs the President to establish rules and regulations governing the formulation, evaluation, and review of such programs and projects for such purpose.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

Section 802 of Federal Property and Administrative Services Act of 1949—Declaration of purpose and policy.

The Senate bill and House amendment both contain an amendment to the Federal Property and Administrative Services Act of 1949. The amendment adds a new title, relating to urban land utilization, to that Act. Under the Senate bill, section 802 of the new title, which contains a declaration of purpose and policy for the title, provides that one of the purposes of the new title is to encourage sound planning, zoning, and land use practices. In the House amendment, the declaration of purpose and policy for the new title contains no comparable provision. The House recedes.

TITLE VI—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

Title V of the Senate bill related to congressional review of Federal grants-in-aid to States and to local units of government. The House amendment contained no comparable provision. Title VI of the conference report contains a substitute for title V of the Senate bill. The substitute eliminates sections 501, 502, and 506 of the Senate bill (which contained a statement of purpose and provisions relating to automatic termination of future grant-in-aid programs and to records and audits) and modifies the remaining provisions of the title in the manner discussed below. In deleting section 502 of the Senate bill (automatic termination), the conferees agreed upon the objective that reasonable termination dates be placed on all new programs and on existing programs and make this recommendation to the appropriate committees of the Senate and the House.

Section 601. Congressional review of grant-in-aid programs.

This section is based on section 503 of the Senate bill, which provided for Senate and House review of all future grant-in-aid programs which have authorizations of more than 3 years. Such review would consider the extent to which the purposes of the programs have been met, the extent they can be carried on with or without further financial assistance, whether changes are needed in their direction, administration, or purpose in light of recommendations of the Comptroller General and the Advisory Committee on Intergovernmental Relations, and the adequacy of the programs.

The conference substitute provides for review at four-year intervals grant-in-aid programs for which no expiration date has been specified by law. The Committees of the Senate and the House having legislative jurisdiction over such grant-in-aid programs are directed, separately or jointly, to conduct studies of the programs and to advise their respective Houses of the results of their findings. The review would consider the factors listed in the Senate bill (but without any specific reference to the recommendations of the Comptroller General or the Advisory Committee).

Section 602. Studies by Comptroller General of Federal grant-in-aid programs

This section is based on section 504 of the Senate bill, which provided for continuing studies of Federal grant programs to be made by the Comptroller General of the United States. The conference substitute authorizes the Comptroller General to conduct these studies, but only on request of a committee having jurisdiction over the grant-in-aid program.

Section 603. Studies by Advisory Commission on Intergovernmental Relations

This section of the conference report which is not substantially different from

section 505 of the Senate bill, provides that upon request of any committee of the Senate or House having jurisdiction over a grant-in-aid program, the Advisory Commission on Intergovernmental Relations will conduct studies of the intergovernmental relations aspects of such program including the impact of such program, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such program with State and local administration thereof. The Commission's findings and recommendations would be reported to the requesting committee and to the Congress.

Section 604. Preservation of House or Senate committee jurisdiction

This section of the conference report provides that nothing in the bill will be construed to affect jurisdiction of committees under the rules of the Senate or House.

ADDITIONAL TITLES OF SENATE BILL

The House amendment deleted titles VII and VIII of the Senate bill, which related to uniform relocation assistance and uniform land acquisition policy, and title IX, which related to judicial review of certain administrative actions under titles VII and VIII. The conference substitute omits these three titles.

The conferees were in agreement on the desirability of the Congress enacting a uniform relocation policy to assist those displaced from their homes, farms or businesses by Federal and federally assisted projects. They were also agreed upon the desirability of a uniform land acquisition policy in cases where Federal or federally assisted programs result in the taking of the land of private owners. They recommend to the appropriate committees of both Houses that action be taken on these objectives as soon as possible.

CHET HOLIFIELD,
JOHN A. BLATNIK,
HENRY S. REUSS,
FLORENCE P. DWYER,
JOHN N. ERLBORN,

Managers on the Part of the House.

REDEMPTION OF SAVINGS NOTES

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 15114) to extend to savings notes the provisions of the Second Liberty Bond Act relating to the redemption of savings bonds and the payment of losses incurred in connection with such redemption.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, and I do not object to this and in fact favor the legislation, but I reserve the right in order that the chairman might give the House a brief explanation. I yield to the gentleman from Arkansas for that purpose.

Mr. MILLS. Mr. Speaker, the purpose of H.R. 15114, as unanimously reported by the Committee on Ways and Means, is to authorize the Secretary of the Treasury to utilize private financial institutions in redeeming savings notes in the same manner as they are presently utilized in the redemption of savings bonds.

Mr. Speaker, an essential aspect of the efficient operation of the Department of the Treasury's U.S. savings bond program is the utilization of private financial institutions as paying agents in con-

nection with the redemption of such bonds. These institutions are generally local banks, trust companies, savings and loan associations, credit unions, and similar financial organizations.

Use of these paying agents throughout the country has been found to be both economical to the Government and convenient from the standpoint of members of the public who participate in the savings bond program. Prior to 1944, the year private institutions were first authorized to make redemptions, savings bonds could be redeemed only at Federal Reserve Banks and branches. This arrangement was very inconvenient to the public, and I am advised that at one point late in the war the Federal Reserve banks and branches were running some 10 or 11 weeks behind in handling redemption requests from the public.

Today, however, there are about 16,500 private financial institutions qualified as paying agents for savings bonds, and the services of these institutions in redeeming bonds are conveniently available to the general public at some 30,000 locations throughout the country. Use of these paying agents since 1944 has enabled the Government to effect redemptions of savings bonds at the very economical cost of approximately 12.9 cents per bond.

The Department of the Treasury began the issuance of savings notes, popularly referred to as freedom shares, on May 1, 1967. These savings notes may be purchased only by buyers of savings bonds, and the notes now being issued bear a 5-percent interest rate. The notes have a maturity of 4½ years but may be redeemed 1 year after the date of issue at the option of the owner. The first freedom shares thus became eligible for redemption on May 1, 1968.

Freedom shares are sold through the same issuing agencies as savings bonds, and it is desirable both from the standpoint of convenience to the public and economy to the Government that they be redeemable through the same outlets as savings bonds. H.R. 15114 would, therefore, amend the Second Liberty Bond Act to authorize the Secretary of the Treasury to use the same financial institutions to make payments in connection with redemptions of these savings notes as are presently used to make payments on savings bonds.

The Committee on Ways and Means also believes it only equitable to accord such paying agents the same relief from liability for losses in the handling of freedom shares as is provided under existing law with respect to savings bonds. At the present time, section 22(i) of the Second Liberty Bond Act, as amended—31 United States Code 757c(i)—authorizes the relief of paying agents for savings bonds from liability to the United States in cases in which it can be established that such losses resulted from no fault or negligence on the part of the paying agent. Section 2 of the bill, H.R. 15114, therefore, would extend the same relief to these paying agents in their services with respect to these notes.

Mr. Speaker, as previously indicated, the Committee on Ways and Means was unanimous in recommending enactment

DIGEST of Congressional Proceedings

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HIGHLIGHTS: House agreed to conference report on intergovernmental cooperation bill.

HOUSE

1. APPROPRIATIONS. Received the conference report on H. R. 18037, the Labor, HEW appropriation bill. (H. Rept. 1936) The conferees recommended \$25,811,000 for expenses necessary to provide for the purchase of supplies and the making of contracts by the United States, including reimbursements to State, Federal, and local agencies and their employees for inspection services rendered; \$88,733,000 to carry out the Clean Air Act; \$42,995,000 to carry out certain sections of the Act with respect to occupational health, injury control, arctic health, milk, food, and environmental sanitation, and interstate quarantine activities, and certain activities under the Water Quality Act, Solid Waste Disposal Act, and Flammable Fabrics Act; and for necessary expenses of the National Commission on Product

Safety, \$500,000. The conferees reported in disagreement amendments regarding school assistance in Federally affected areas; prohibiting funds to be used to force busing of students, abolishment of any school, or to force any student to attend a particular school against his parents wishes; and prohibiting the withholding of funds for school lunch programs or money received from national forests, to be expended for the benefit of public schools, in compliance with title VI of the Civil Rights Act of 1964. pp. H9301-304

2. INTERGOVERNMENTAL COOPERATION. Agreed to the conference report on S. 698, the intergovernmental cooperation bill (pp. H9310-13). Rep. Holifield summarized the provisions of the conference substitute bill as follows: Title II calls for improved administration of grants-in-aid to the States. Title III would permit Federal departments and agencies to provide technical and specialized assistance to State and local governments on a reimbursable basis but without competing with private enterprise or rescinding any such Federal agency with or without reimbursement. Title IV is designed to provide coordination on the Federal level of the separate assistance programs and funds which may be focused on a given urban or rural community by various Federal agencies. Title V provides that in order to promote more harmonious intergovernmental relations, Federal land within urban areas will be acquired, used, and disposed of in conformity with land utilization programs of the affected local governments.
3. HEALTH. Agreed to, 316-0, the conference report on H. R. 15758, to amend the Public Health Service Act so as to extend and improve the provisions relating to regional medical programs, to extend the authorization of grants for health of migratory agricultural workers, to provide for specialized facilities for alcoholics and narcotic addicts (pp. H9304-9). The conference substitute provides "\$9,000,000 each for the fiscal year ending June 30, 1968, and the next fiscal year, and \$15,000,000 for the fiscal year ending June 30, 1970" for special grants for the health of migratory workers. This bill will now be sent to the President.
4. PERSONNEL. Passed with amendments H. R. 17682, the civil service retirement financing bill (pp. H9318-29). Adopted an amendment by Rep. Daniels to credit unused sick leave to the length of service in computing a retiree's annuity (pp. H9326-7). Rejected an amendment by Rep. Gross to strike from the bill all provisions relating to the crediting of unused sick leave for retirement purposes (pp. H9326-7) and an amendment by Rep. Scott "to provide that the Congress shall continue to set the rates of the deductions that are paid by the employee and by the members as well as by the Government, and all the contributions would be set by the Congress rather than by the Civil Service Commission as is provided in the bill" (pp. H9327-28).
5. FARM CREDIT. Passed without amendment S. 3986, to amend the Federal Farm Loan Act and the Farm Credit Act of 1933, as amended, to expedite retirement of Government capital from Federal intermediate credit banks, production credit associations and banks for cooperatives. H. R. 19418, a similar bill, was tabled. This bill will now be sent to the President. pp. H9330-1

90TH CONGRESS
2D SESSION

H. CON. RES. 838

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 1968

Mr. HOLIFIELD submitted the following concurrent resolution; which was considered and agreed to

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Secretary of the Senate in the enroll-
3 ment of the bill (S. 698) to achieve the fullest cooperation
4 and coordination of activities among the levels of govern-
5 ment in order to improve the operation of our federal system
6 in an increasingly complex society, to improve the adminis-
7 tration of grants-in-aid to the States, to provide for periodic
8 congressional review of Federal grants-in-aid, to permit
9 provision of reimbursable technical services to State and
10 local government, to establish coordinated intergovernmental
11 policy and administration of development assistance pro-
12 grams, to provide for the acquisition, use, and disposition

1 of land within urban areas by Federal agencies in conformity
2 with local government programs, to establish a uniform relo-
3 cation assistance policy, to establish a uniform land acquisi-
4 tion policy for Federal and federally aided programs, and
5 for other purposes, is authorized and directed to correct the
6 title of the bill so as to read: "An Act to achieve the fullest
7 cooperation and coordination of activities among the levels
8 of government in order to improve the operation of our
9 federal system in an increasingly complex society, to im-
10 prove the administration of grants-in-aid to the States, to
11 permit provision of reimbursable technical services to State
12 and local government, to establish coordinated intergovern-
13 mental policy and administration of development assistance
14 programs, to provide for the acquisition, use, and disposition
15 of land within urban areas by Federal agencies in conformity
16 with local government programs, to provide for periodic
17 congressional review of Federal grants-in-aid, and for other
18 purposes."

CONCURRENT RESOLUTION

Authorizing the Secretary of the Senate to
make a correction in the enrollment of
S. 698.

By Mr. HOLIFIELD

OCTOBER 1, 1968

Considered and agreed to

Mr. Hébert with Mr. Smith of California.
 Mr. Rooney of New York with Mrs. May.
 Mr. Brademas with Mr. Collier.
 Mr. Leggett with Mr. Pollock.
 Mr. Murphy of New York with Mr. Bob Wilson.

Mr. Evans of Colorado with Mr. Minshall.
 Mr. Matsunaga with Mr. Belcher.
 Mr. Rostenkowski with Mr. Morton.
 Mr. Davis of Tennessee with Mr. Talcott.
 Mr. Hamilton with Mr. O'Konski.
 Mr. Fisher with Mr. Berry.
 Mr. Farbstein with Mr. Keith.
 Mr. Hays with Mr. Utt.
 Mr. Brooks with Mr. Sandman.
 Mr. Zablocki with Mr. Reifel.
 Mr. Gallagher with Mr. Bell.
 Mr. Hathaway with Mr. Wyatt.
 Mr. Olsen with Mr. Rumsfeld.
 Mr. Moss with Mr. Teague of California.
 Mr. Ashmore with Mr. Brock.
 Mr. Pucinski with Mr. Pettis.
 Mr. Thompson of New Jersey with Mr. Taft.
 Mr. St Germain with Mr. Reinecke.
 Mr. Pickle with Mr. Blackburn.
 Mr. Podell with Mr. Roubenush.
 Mr. Wolff with Mr. Skubitz.
 Mr. O'Hara of Illinois with Mr. Brown of Ohio.

Mr. Rogers of Colorado with Mr. Smith of Oklahoma.
 Mr. Satterfield with Mr. Cowger.
 Mr. Ryan with Mr. Snyder.
 Mr. Tenzer with Mr. Brown of Michigan.
 Mr. Stratton with Mr. Stanton.
 Mr. Passman with Mr. Burke of Florida.
 Mr. Macdonald of Massachusetts with Mr. Ruppe.

Mr. Long of Louisiana with Mr. Halleck.
 Mr. Brown of California with Mr. Mathias of Maryland.

Mr. Baring with Mr. Gardner.
 Mr. Kyros with Mr. Gurney.
 Mr. Tunney with Mr. Hansen of Idaho.
 Mr. Walker with Mr. Kupferman.
 Mr. Young with Mr. Rees.
 Mr. William D. Ford with Mr. Helstoski.
 Mr. Sisk with Mr. Stephens.
 Mr. Scheuer with Mr. Conyers.
 Mr. Colmer with Mr. McMillan.
 Mr. Edwards of Louisiana with Mr. Resnick.
 Mr. Ronan with Mr. Rooney of Pennsylvania.

Mr. Roush with Mr. Van Deerlin.
 Mr. Jarman with Mr. Jacobs.
 Mr. Hungate with Mr. Karsten.
 Mr. Kee with Mr. McCarthy.
 Mr. Fulton of Tennessee with Mr. Fraser.
 Mr. Rarick with Mr. Hardy.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

TO INCREASE NUMBER AND SALARIES OF JUDGES OF THE DISTRICT OF COLUMBIA COURT SYSTEM

Mr. DOWDY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2439) to increase the number and salaries of judges of the District of Columbia court of general sessions and the juvenile court of the District of Columbia, the salaries of the District of Columbia Court of Appeals and the District of Columbia tax court, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Texas?

Mr. NELSEN. Mr. Speaker, reserving the right to object—and I do so for the purpose of receiving an explanation of the bill and I shall not object—but, I

believe we should have an explanation of the bill at this point.

Mr. DOWDY. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Texas.

Mr. DOWDY. Mr. Speaker, on July 22 the House passed the bill, H.R. 15678, a similar bill, to increase the salaries of the judges of the District of Columbia court system. My intention is to offer an amendment to the similar Senate bill which I have just called up, and to amend it so as to include the provisions of the House bill, which will add these additional judges to the District of Columbia court of general sessions.

Mr. NELSEN. That is the same bill that was passed by the House, I believe, by a vote of 338 to 49, as I recall. And it is my understanding that the gentleman intends to offer an amendment to strike the Senate language and to include the provisions of the House bill by adding two judges. It is also my understanding that the Senate bill did provide for clerks for the judges, but this will also be deleted, and there will be no clerks allowed in the amendment that the gentleman intends to offer?

Mr. DOWDY. That is correct.

Mr. NELSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. GROSS. Mr. Speaker, further reserving the right to object, this bill provides for increased pay for the judges in the District of Columbia. Is that correct?

Mr. DOWDY. It is identical to the bill that the House passed earlier this year. I believe it was in July.

Mr. GROSS. And it adds two additional judges; is that correct?

Mr. DOWDY. That is correct. The Senate bill provided for five additional judges.

Mr. GROSS. When was the last bill approved that increased the number of judges in the District of Columbia? Does the gentleman have that information at hand?

Mr. DOWDY. It was 4 or 5 years ago.

Mr. GROSS. Was it that long ago?

Mr. DOWDY. I believe that is correct.

Mr. GROSS. When was the pay of the judges increased last? Does the gentleman recall?

Mr. DOWDY. I will see if I can get that information for you from my assistants here. I think it was some years ago.

Mr. GROSS. It seems to me the pay of the judges was increased 2 years ago or at least a few years ago.

Mr. DOWDY. I do not recall the date.

Mr. GROSS. Well, the pay of many of the judges of the District of Columbia was increased less than 10 years ago, I am confident of that.

Mr. DOWDY. The President's Commission on Crime proposed an increase in 1966.

I have the date now—the last increase was in 1964.

Mr. GROSS. Yes; I thought there was an increase as recently as that.

At that time we were told that action was necessary to discharge the business of the courts because of the caseload, and so forth.

But it seems that increasing the pay and increasing the number of judges does not accomplish the results that we were assured would take place.

Do we have any assurance that increasing the salaries now and adding the two additional judges that the caseload is going to be worked out or are we going to be called on again in the immediate future to provide more and higher pay for judges of the District of Columbia and supply more judges?

Mr. DOWDY. Of course, the gentleman knows that I cannot give him any assurance on that.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. ADAMS. I might point out to the gentleman that the only way we can handle the increasing crime rate that is occurring in all of the metropolitan cities is not just by having an increase in the police force. We also have to have the courts available to try these cases and parole and probation facilities to provide some true rehabilitation for them who are convicted.

The impact of crime in these cities is rising rapidly and this bill will do no more than keep us even. If we are ever to roll crime back, we are going to need an increase in the number of judges both in the District of Columbia sessions court and the Federal district courts. There were 900 pending felony cases in the Federal district court in March and it was going up about 40 per month.

That is why we have to move in these areas as well as other parts of the criminal law system if we want, and I know the gentleman does, to control crime here. I assume he wants to see that happen.

Mr. GROSS. I happen to believe that if the judges would mete out sentences commensurate with the crimes there would not be so much crime and therefore fewer cases.

Mr. ADAMS. Well, the gentleman is entitled to his belief. This may be a factor in it, but you also have the fact that if you wish to visit the District of Columbia sessions court any day of the week and see the number of cases being handled, you will see why the judges are not able to handle all of these effectively. In bail cases in the District of Columbia sessions court there are as many as 100 cases a day handled by one judge on the assignment calendar. The judge simply cannot make accurate judgments under this type of a caseload.

That is why we need more judges and that is why this bill has bipartisan support.

Mr. GROSS. The gentleman is saying inversely, I take it, that with the increase of two more judges and the increase in pay that the situation will be taken care of.

Mr. ADAMS. No, I am saying to the gentleman that we will be lucky to stay even. If we get additional judges, beyond those in this bill, we may be able to start rolling crime back. If you are going to fight crime in this country, you have to spend the money and have the dedicated people to do it—and not just talk about it.

Mr. GUDE. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. GUDE. I would like to say that it would be very fortunate if we do stay even, even with these two additional judges. I think we desperately need the five judges that the Senate recommended. I think we desperately need more juvenile court judges which the Senate has proposed.

One of the biggest factors in crime is the fact that 70 percent of the adults defenders have juvenile records. We have a backlog in that in both of these courts.

So I am most disappointed that we are not going further. But certainly I must agree with these amendments.

Mr. GROSS. I do not want to abuse the privilege of reserving the right to object, but I do want to say this.

There are some people around here, and the District of Columbia is teeming with them, and they are also in the Congress, who think every problem can be solved simply by spending more money and adding more employees. I do not agree.

I say again that if the judges would mete out sentences commensurate with the crimes committed in the District and if those who live in the District would display some civic pride and help restore morality and responsibility it would not be necessary to spend so much money on the courts and law-enforcement agencies. I do not agree that simply adding more judges and spending more money on more judges will cure the situation in the District of Columbia.

Mr. GUDE. What I am trying to say to the gentleman is that when the judges are not able to handle the cases and the men are released on the streets and they stay there 9 months before they finally get to trial, it is no wonder that we have difficult conditions in Washington, D.C.

Mr. GROSS. I hope we do not have an aggregation of confirmed golfers and other recreationists sitting on the benches in the District of Columbia. I hope we are getting a day's work out of every one of them.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

S. 2439

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 11-902(a) of the District of Columbia Code is amended by striking out "twenty" and inserting in lieu thereof "twenty-five".

(b) Section 11-902(d) of the District of Columbia Code is amended by striking out "\$24,000" and inserting in lieu thereof "\$28,000", and by striking out "\$23,500" and inserting in lieu thereof "\$27,500".

SEC. 2. Subchapter II of chapter 9 of title 11 of the District of Columbia Code is amended—

(1) by adding at the end thereof the following new section:

"§ 11-936. Attorney advisers; compensation
"The District of Columbia Court of General Sessions may appoint and remove attorney advisers equal to the number of judges authorized to serve on such court, and shall fix their compensation in accord-

ance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates."; and

(2) by adding at the end of the analysis of such subchapter the following new item:

"11-936. Attorney advisers; compensation."
SEC. 3. Section 11-702(d) of the District of Columbia Code is amended by striking out "\$25,000" and inserting in lieu thereof "\$29,000", and by striking out "\$24,500" and inserting in lieu thereof "\$28,500".

SEC. 4. The first sentence of the second paragraph of section 2 of the District of Columbia Revenue Act of 1937, as amended (D.C. Code, sec. 47-2402), is amended by striking out "\$23,500" and inserting in lieu thereof "\$27,500".

SEC. 5. Section 11-1502(a) of the District of Columbia Code is amended by striking out "two" and inserting in lieu thereof "four".

AMENDMENT OFFERED BY MR. DOWDY

Mr. DOWDY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dowdy: Strike out all after the enacting clause of S. 2439 and insert:

"That (a) section 11-902(a) of the District of Columbia Code is amended by striking out 'twenty' and inserting in lieu thereof 'twenty-two'.

"(b) Section 11-902(d) of the District of Columbia Code is amended by striking out '\$24,000' and inserting in lieu thereof '\$28,000', and by striking out '\$23,500' and inserting in lieu thereof '\$27,500'.

"Sec. 2. Section 11-702(d) of the District of Columbia Code is amended by striking out '\$25,000' and inserting in lieu thereof '\$29,000', and by striking out '\$24,500' and inserting in lieu thereof '\$28,500'.

"Sec. 3. The first sentence of the second paragraph of section 2 of the District of Columbia Revenue Act of 1937, as amended (D.C. Code, sec. 47-2402), is amended by striking out '\$23,500' and inserting in lieu thereof '\$27,500'.

"Sec. 4. The amendments made by this Act shall take effect as of October 1, 1968."

Mr. DOWDY. Mr. Speaker, the purpose of this amendment is to add to the Senate-passed bill provisions for two additional judges to be added to the 20 judges of the District of Columbia court of general sessions.

The Senate bill provides for five additional judges for that court, to be added to the 20 judges now on the court.

The Senate bill also provided for two additional judges to be added to the three now sitting on the juvenile court, and for an attorney-adviser or law clerk—who start with a salary of \$10,000—for each of the judges of the District of Columbia court of general sessions.

The House District Committee has had no hearings on these proposals for increasing the judges and for these attorney-advisers.

As to the juvenile court, the committee does have before it involved and technical proposals to establish a unified court system to deal with family problems, which would be a complete overhaul of the court of general sessions and the juvenile court.

Under the circumstances, therefore, the District Committee is of the belief that an increase of two judges is sufficient until the next Congress can review, hear, and resolve the whole court situation in the District of Columbia.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Texas [Mr. Dowdy].

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

TITLE AMENDMENT

Mr. DOWDY. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Title amendment offered by Mr. Dowdy: Amend the title so as to read: "A bill to increase the number and salaries of judges of the District of Columbia Court of General Sessions, the salaries of the District of Columbia Court of Appeals, and the District of Columbia Tax Court, and for other purposes."

The title amendment was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 698, INTERGOVERNMENTAL COOPERATION ACT OF 1968

Mr. HOLIFIELD. Mr. Speaker, I call up the conference report on the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of September 30, 1968.)

Mr. HOLIFIELD. Mr. Speaker, this bill is the Intergovernmental Cooperation Act of 1968, which was passed unanimously on the floor of the House a week or so ago. A conference has been had with the conferees on the part of the other body, and we have retained the Senate language in most instances.

In particular, due to the commitments that were made in the House by the gentleman from Illinois [Mr. ERLENBORN] and the gentleman from Wisconsin [Mr. BYRNES], we have sustained the House position, refusing to accept the title VII, which was to establish a uniform relocation assistance policy. We have also refused to accept the title, which would have established a uniform land acquisition policy for Federal and

federally aided programs. Two other committees of the House have jurisdiction over these particular areas.

One committee, the Committee on Public Works, was holding hearings on the uniform land acquisition subject matter. There we acquiesced to the requests of Members on both sides of the aisle and sustained the House position on this.

In one other adjustment that was made, to which I invite the attention of the House, the House changed the language of the other body, which provided for a mandatory review of those grant-in-aid programs which are on the books and which do not have termination dates. We accepted the language as far as studies made by the committees of jurisdiction that they will report back to the committees of the House in 4 years on those grant-in-aid programs which do not have termination dates. As the Members of the House know, in the last few years practically every grant-in-aid program that has been passed has been passed with the termination dates running for 2 to 3 or 4 years. We feel this is in line with the practices and policies of the House.

We present this conference report with the unanimous approval of the managers on the part of the House on both sides of the aisle. We believe we have done a good job in sustaining the will of the House.

Mr. Speaker, I am pleased to bring before you the conference report on S. 698, the Intergovernmental Cooperation Act of 1968. This is a bipartisan bill sponsored by many Members of the Senate and the House. Its purpose, in brief, is to strengthen State and local government and improve the relations between those governments and the Federal Government through closer cooperation and coordination of policies and activities particularly in the administration and review of Federal grant and loan programs for development assistance. This bill was passed unanimously by the House and your conferees are happy to report that the House particulars were upheld in nearly all instances.

During the debate on the floor, a question was raised about provisions of the Senate bill which would provide uniform relocation and land acquisition policies for the entire Federal Government and federally assisted programs. On these points the Senate receded. Titles VII, VIII, and IX of the Senate bill have been eliminated from the report. The circumstances surrounding the House position on these matters are familiar to all of you. There was a question of jurisdiction and another committee of the House was holding hearings on this matter. I would like to make it very clear, however, that the conferees on S. 698 were in full agreement that uniform relocation and land acquisition policies should be enacted by the Congress to meet very serious difficulties that so many families and businessmen suffer when they are displaced by the operation of Federal and federally assisted programs. We urge that the appropriate committees of both the Senate and the House give this matter the highest priority and report effective legislation.

The conferees did agree to a Senate provision calling for congressional review of Federal grant-in-aid programs. This was considered during hearings in the House, but our committee thought it better not to legislate in this area at that time. A strong case was made in the conference, however, for this study. We were informed that there are grant-in-aid programs on the statute books which have not been properly reviewed for a long period of time and we agreed that the adoption of a policy of congressional review for programs that are 4 years or more in duration and do not have an expiration date would be wise. The Senate version provided for a flat cutoff after 5 years for such programs enacted in the 91st and subsequent Congresses. We could not agree to this, but all conferees supported the objective that reasonable termination dates be placed on all new programs and on existing programs and recommend this to the appropriate committees of the Senate and the House. Our substitute calls for studies after 4 years and reports to the Congress. These studies are to be made by the committee which has jurisdiction over the grant-in-aid authorization and will give special attention to:

First. The extent to which the purposes for which the grants-in-aid are authorized have been met;

Second. The extent to which the objectives of such programs can be carried on without further financial assistance from the United States;

Third. Whether or not any changes in purpose, direction or administration of the original program, or in procedures and requirements applicable thereto, shall be made; and

Fourth. The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

The Senate bill also directed the Comptroller General to make continuing studies of grant-in-aid programs. It was our view that this was a greater burden than we should put on the General Accounting Office at this time and the substitute calls for the Comptroller General to make studies upon the request of any committee having jurisdiction over the grant-in-aid program. This language, of course, does not at all affect the present jurisdiction and authority of the Comptroller who can investigate and audit all Government programs.

The Advisory Commission on Intergovernmental Relations, which proposed this legislation to the Congress, has among its membership our colleagues, the gentleman from North Carolina, L. H. FOUNTAIN, the gentleman from Oregon, AL ULLMAN, and my fellow conferee, the distinguished gentlelady from New Jersey, Mrs. FLORENCE P. DWYER. The Commission is authorized to make studies of these programs at the request of committees of jurisdiction.

The conference report clearly states that nothing in this bill will be construed to affect the jurisdiction of committees under the rules of the Senate or the House.

With regard to those titles of the House-passed bill that were also in the

Senate bill, the changes agreed upon were mostly of a clarifying nature. There were several which may be classed as substantive.

We broadened the definition of "grant" or "grant-in-aid" to include a beneficiary under a plan or program administered by a State or a political subdivision of a State which is subject to approval by a Federal agency, and to include community action programs under the Office of Economic Opportunity.

The House bill held that States should be accountable for interest earned on deposited grant-in-aid funds pending their disbursement for program purposes. We were persuaded that under the new letter-of-credit procedure interest accumulated would be so small that it would make the accounting for this interest an unnecessary burden and agreed with the Senate to waive this requirement.

In the section on the provision of technical services to States and local governments, the House bill required that reimbursements to the Federal agency providing the service be deposited to miscellaneous receipts of the Treasury. We were persuaded by the Senate that the purpose of this section might be defeated if the reimbursements could not be applied to the principal appropriation of that agency and we agreed to permit this so long as the moneys would go into the appropriation account for the current year.

Now let me briefly summarize the provisions of the bill.

The first substantive title—title II—calls for improved administration of grants-in-aid to the States. It directs Federal agencies, upon request, to give full information to the Governors and State legislators on grants to their States and political subdivisions, thereby providing necessary data upon which to finance and administer cooperative programs under Federal grants-in-aid. It would improve the scheduling of Federal fund transfers to the States and permit the States to budget Federal grant funds in much the same manner as they budget other revenues. This would assure the expeditious furnishing of Federal grant funds through the letter-of-credit procedure. In addition, it would relieve the States from unnecessary and outmoded accounting procedures and the maintenance of separate bank accounts while protecting the right of the executive branch and the Comptroller General to audit these accounts. Finally, title II would permit the head of a Federal agency to waive the single State agency requirement now in many Federal grant programs so that the organization and modernization of State government structures may be facilitated.

Title III would permit Federal departments and agencies to provide technical and specialized assistance to State and local governments on a reimbursable basis but without competing with private enterprise or rescinding any such authority now possessed by any Federal agency with or without reimbursement. This title recognizes that certain categories of specialized personnel and equip-

ment are in short supply at the State and local levels and that direct efforts to procure them can be costly and duplicative. Under this title, the head of any Federal agency providing such services would be required to report annually on the scope of the services rendered to the Committees on Government Operations of the Senate and House of Representatives.

Title IV is designed to provide coordination on the Federal level of the sometimes numerous separate assistance programs and funds which may be focused on a given urban or rural community by various Federal agencies. These programs, though beneficial to the areas they serve, are frequently duplicating, overlapping, and sometimes in conflict with each other. Such administration can create severe confusion and have an ill effect on the recipient local government and its future development. Accordingly, the President is directed to establish rules and regulations governing Federal programs and projects to the end that they most effectively serve certain stated objectives considered important to healthful living and orderly community development. The title further requires that all viewpoints and objectives—national, regional, State, and local—to the extent possible, be considered when Federal development projects are being planned. Federal aid, to the maximum extent possible, shall be consistent with the objectives of State, regional, and local comprehensive planning. Each Federal department and agency administering a development assistance program must consult with and seek advice from other significantly affected Federal agencies in an effort to assure fully coordinated programs. Insofar as possible, Federal planning shall be coordinated with and made a part of local and areawide development planning. Furthermore, in order to strengthen general local government, Federal agencies in making loans or grants should give preference to cities, counties, and townships over special-purpose units. This title originally applied only to Federal programs in urban areas but was expanded by the committee to include rural areas where many of the same problems in administration of Federal assistance exist.

Title V provides that in order to promote more harmonious intergovernmental relations, Federal land within urban areas will be acquired, used, and disposed of in conformity with land utilization programs of the affected local governments. The General Services Administration, prior to the disposal of land in urban areas, will give notice to the local zoning authority so that the land may be zoned in accordance with local comprehensive planning objectives, unless GSA deems such advance notice will have an adverse impact on the proposed transaction. The GSA is to consider objections made by local governments and, to the extent practicable, comply with local zoning regulations and planning objectives.

Mr. Speaker, the passage of S. 698 provides an important step in intergovernmental relations in our country. I hope that this report will be overwhelmingly approved.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Speaker, I yield now to my colleague, the leading minority member of the subcommittee, the gentleman from Illinois [Mr. ERLENBORN] for such time as the gentleman may consume.

Mr. ERLENBORN. Mr. Speaker, I thank the gentleman for yielding.

The gentleman from California has quite ably explained the results of this conference committee. I reiterate that the most important thing, I believe, for the Members to consider is the fact that we did sustain the position of the House in not including in the bill as a result of the conference any reference to uniform land acquisition or uniform payments for relocation. This commitment was made on the floor, that the conferees would strive to keep these two sections or titles out of the bill.

I think also the provision of title V for renewal of Federal grant-in-aid programs is important. The Senate provision would have provided for periodic review for new programs enacted in the 91st and subsequent Congresses on a 5-year basis in the event the new program did not have a termination date in the authorization. The result of the conference is that all Federal grant-in-aid programs that do not have automatic termination in their authorization will be reviewed within the next 4 years and every 4 years thereafter, so we will have continuous oversight by the committees of jurisdiction.

Other minor adjustments of differences between the House language and the language of the other body were made. In most instances the intent of the House bill was sustained with minor editorial adjustments. I feel the conference was quite successful from the viewpoint of the House, and the bill, as reported by the conference committee and as recommended by the managers on the part of the House, should receive the unanimous support of the Members of the House.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, not only as a former member and alumnus of the Government Operations Committee, but as a Member of the House, I want to express my appreciation and gratitude for the distinguished ranking majority member of the committee and the gentleman from Illinois for the work they were able to do in the conference in improving the language in title VI.

I remember reading an article in the newspaper, I think, a few days ago, that referred to certain "sleeper" bills that ought to be watched in the period between now and the sine die adjournment of this Congress. That list did not include this particular bill, but I think it should have. The language in title VI refers to a quadrennial review of certain grant-in-aid programs—not only those enacted by the 91st and subsequent Congresses, but by previous Congresses, and I am told there are literally scores of those programs enacted in prior years that do not have an expiration date.

Under the language of the conference report, which I understand was supplied because of the initiative taken by the House Members of the conference committee, we have some guarantee that there will be a periodic review of these grant-in-aid programs, and that would I think result in a savings to the taxpayers of this country.

So I congratulate the members of the conference committee for a job well done, particularly on title VI of this Intergovernmental Cooperation Act.

Mr. ERLENBORN. I thank the gentleman for his contribution.

(Mr. ERLENBORN asked and was given permission to revise and extend his remarks.)

Mrs. DWYER. Mr. Speaker, I believe the conferees on S. 698, the Intergovernmental Cooperation Act of 1968, have brought back to the House a bill which, in the first instance, corresponds with the wishes of the House as expressed during debate on the bill reported by the Committee on Government Operations and, second, which has been substantially improved by the compromise provision in title VI, providing for periodic review of grant-in-aid programs by the appropriate congressional committees.

As our colleagues will recall, only the Senate bill included such a provision, although in recent years there has been considerable support among colleagues on both sides of the aisle for such periodic review.

The compromise language, which was proposed to the conference by my distinguished minority colleague the gentleman from Illinois [Mr. ERLENBORN], and I, does, I believe, significantly improve on the language in the Senate bill and in the earlier versions of similar legislation introduced by several of us. The compromise provision eliminates the automatic termination feature under which grant-in-aid programs would be ended after 5 years unless the Congress extended them or enacted them with specific termination dates.

This feature, which was originally intended to encourage meaningful committee review of grant programs, was the cause of concern on the part of several of our colleagues. It had also become less significant in recent years in light of the fact that most grant-in-aid programs now carry specific termination dates.

As a substitute for this feature of the program review provision, the conferees agreed to broaden the review requirement to include most existing grant programs as well as future programs where termination dates have not been specified. The benefits of meaningful congressional review, therefore, will be much more broadly applied.

Having urged the requirement of periodic congressional review of grant-in-aid programs for the past 7 years, both as a member of the Advisory Commission on Intergovernmental Relations and as a member of the Committee on Government Operations, I should like to thank my colleagues for their support of the compromise provision, and express the hope that this will be another step in the direction of establishing more effective control and oversight of grant

programs. The proliferation of such programs in recent years has imposed on Congress a heavy responsibility to assure the Nation that Federal assistance efforts are, in fact, accomplishing desirable results in as efficient and economical manner as possible.

Mr. HOLIFIELD. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota [Mr. BLATNIK], the chairman of the subcommittee.

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. BLATNIK. Mr. Speaker, I should like the RECORD to show the deep indebtedness all of us on the subcommittee and on the full committee owe to our senior colleague, the gentleman from California [Mr. HOLIFIELD], for his leadership and for the additional burden of work he was called upon to exert, far beyond the call of reasonable duty in these difficult closing weeks of the session.

We also are indebted to our colleague, the gentleman from Wisconsin [HENRY REUSS], and the gentleman from Illinois [Mr. ERLBORN], and the gentlewoman from New Jersey [Mrs. DWYER], not only for their participation but likewise for the splendid cooperation received.

We express our appreciation concerning the contribution they all have made. Without their leadership and the cooperative, positive, and constructive attitude taken, this conference report would not have been possible.

Mr. HOLIFIELD. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Speaker, I want to add my voice of commendation for the serviceable and workmanlike job done on this bill by the leadership participating in it, notably the gentleman from California [Mr. HOLIFIELD] and the gentleman from Minnesota [Mr. BLATNIK]; and those on the minority side, notably the gentleman from Illinois [Mr. ERLBORN].

When the bill cleared this House some days ago the point was made by various Members, mainly members of the House Committee on Public Works, that the conference committee should do what it could to preserve the House version. I believe we have faithfully followed the instincts of the House in that matter, and I believe the conference report presented here today is in the public interest and deserves overwhelming support.

Mr. FOUNTAIN. Mr. Speaker, it gives me great pleasure to rise in support of the conference report on the Intergovernmental Cooperation Act of 1968. The conferees are to be commended for bringing back an improved bill and particularly for the inclusion of title VI providing for periodic congressional review of grant-in-aid programs.

The bill as amended in conference is now essentially the same as the legislation which I sponsored in the 89th Congress and includes most of the titles contained in H.R. 5522 which I introduced in the 90th Congress. I am pleased to note that the conferees endorsed the remaining titles contained in both my bill and the companion Senate bill, and recommended favorable action on these additional titles by the appropriate committees of both Houses.

The adoption of title VI relating to congressional review of grant-in-aid programs is, in my judgment, a real contribution toward strengthening the procedures of the Congress for periodically reevaluating grant legislation. I have advocated the more systematic approach embodied in this title since the 88th Congress when I introduced a bill specifically for this purpose.

Mr. Speaker, the need for regular and systematic review of grant-in-aid programs is especially great today. We are living in a dynamic age, and we cannot continue indefinitely to deal with new public problems by enacting additional grant programs without facing up to the necessity of giving serious consideration to phasing out some of the older programs aimed at problems of another time. The uniform policy and procedure for grant review provided by this legislation is a practical method for enabling the Congress to accomplish this objective in a consistent and timely manner.

I want to express my sincere appreciation to my colleagues on the committee who helped in bringing this legislation to fruition. I believe that history will view the Intergovernmental Cooperation Act of 1968 as a very constructive and important stage in the improvement of relations between the Federal Government and the States and their political subdivisions.

Mr. HOLIFIELD. Mr. Speaker, if there are no further requests for time, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CORRECTION OF TITLE OF THE BILL S. 698, INTERGOVERNMENTAL CO- OPERATION ACT OF 1968

Mr. HOLIFIELD. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 838) and ask unanimous consent for its immediate consideration.

The Clerk read the concurrent resolution as follows:

Resolved by the House of Representatives (the Senate concurring), That the Secretary of the Senate in the enrollment of the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, is authorized and directed to correct the title of the bill so as to read: "An Act to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government,

to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to provide for periodic congressional review of Federal grants-in-aid, and for other purposes."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in the RECORD on the conference report just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON H.R. 14935, MAILING OF MOTOR VEHICLE MASTER KEYS, WAGE BOARD SUR- VEYS, AND POWERS OF POSTAL INSPECTORS

Mr. DULSKI. Mr. Speaker, I call up the conference report on the bill (H.R. 14935) to amend title 39, United States Code, to regulate the mailing of master keys for motor vehicle ignition switches, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of September 24, 1968.)

Mr. DULSKI. Mr. Speaker, I yield myself such time as I may consume.

The House-passed bill related only to the mailing of motor vehicle master keys.

The Senate amendment struck out all after the enacting clause and substituted a new text which includes provisions on three major subjects—

Mailing of motor vehicles master keys;
Wage board rate surveys; and
Postal inspectors' authority to serve warrants and subpoenas and to make arrests without warrants.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment, and that the Senate agree to the same.

The conference substitute covers the three major subjects covered by the Senate amendment.

MAILING OF MASTER KEYS

The purpose of the House bill and the first three sections of the conference substitute is to prohibit, with certain exceptions, the mailing of motor vehicle

master keys designed or adapted to operate the ignition switches, door locks, and trunk locks of two or more motor vehicles.

The House bill applied only to the master keys and other manipulation-type devices. The conference substitute, in addition to prohibiting the mailing of such items, also prohibits the mailing of any advertisement for the sale of such items.

The House bill specifically exempted from the prohibition such items when mailed in accordance with regulations prescribed by the postmaster general to locksmiths, motor vehicle dealers, employees of parking facilities, common carriers, motor vehicle rental businesses, automobile clubs, and Government supply or procurement personnel.

The conference substitute does not contain specific exemptions, but authorizes the Postmaster General to make such exemptions from the prohibition as he deems necessary.

The House bill authorizes the Postmaster General to require, as a condition for the transmission of such items in the mail, that the mailer file with the postmaster at the time of mailing a certification of the addressee that the addressee is qualified to receive the items through the mail under one of the exceptions, and a certification of the mailer that, according to the information and belief of the mailer, the addressee is so qualified.

The conference substitute does not contain a specific provision as to the certification process. However, the Postmaster General, if he felt it necessary, could require such a certification as a part of any regulations he may issue to control the mailing of such items to the addressees whom he exempts from the prohibition.

The House bill contained no provisions describing a criminal penalty. Section 2 of the conference substitute amends title 18, United States Code, by adding a new section 1716A, which prescribes a criminal penalty consisting of a fine of not more than \$1,000, or imprisonment of not more than 1 year, or both, for any person who knowingly violates the nonmailable provisions.

Both the House bill and the conference substitute provide an effective date for these provisions of 60 days after date of enactment.

WAGE BOARD EMPLOYEES

The House bill contained no provision relating to wage board employees.

Section 4 of the conference substitute adds a new subsection (c) to section 5341 of title 5, United States Code, relating to wage board employees.

It is the intention of the new subsection (c) to authorize a procedure whereby special skills for unusual job requirements applicable to Federal wage board employees in a particular wage survey area which are not found in local private enterprise in that area, can be adequately evaluated or equated with comparable positions in private enterprise in wage survey areas outside the local wage survey area.

The new subsection (c) requires an agency making a wage survey, to deter-

mine whether there exists in the wage survey area a sufficient number of comparable positions in private industry to establish the wage schedules for the principal types of Federal positions involved. The determination is required to be in writing and must give consideration to all relevant evidence, including evidence submitted by employee organizations recognized as representative of employees in the wage survey area.

When it is determined that there is an insufficient number of comparable positions, the agency making the survey shall establish rates for such positions in accordance with rates paid for positions in private industry in the nearest wage area which the agency determines to be most similar in nature to the population, employment, manpower, and industry, to the wage area for which the survey is being made.

EMPOWERING POSTAL INSPECTORS TO SERVE WARRANTS AND SUBPOENAS AND TO MAKE ARRESTS WITHOUT WARRANTS

The House bill contained no provision relating to the authority of postal inspectors to serve warrants and subpoenas, and to make arrests without warrants for certain offenses against the United States.

The conference substitute adds a new section 3061 to title 18, United States Code, authorizing postal inspectors, to the extent authorized by the Postmaster General, to serve warrants and subpoenas issued under the authority of the United States, to make arrests without warrants for certain offenses against the United States committed in their presence, and to make arrests without warrants for felonies cognizable under the laws of the United States, if they have reasonable grounds to believe that the person to be arrested has committed or is committing such a felony. The authority granted is to be exercised only in the enforcement of laws regarding property of the United States in the custody of the postal service, the use of the mails, and other postal offenses.

These provisions of the conference substitute are based on an official recommendation of the Postmaster General, and are similar to provisions contained in H.R. 18100, which passed the House by unanimous vote on September 16, 1968. The enactment of these provisions is recommended also by the Department of Justice.

Mr. NIX. Mr. Speaker, the master key bill went to the Senate as one bill and has come back to us as three bills. They are three good bills and this is a necessary procedure since we are so close to adjournment.

First, the House bill on master keys was changed slightly so that the Postmaster General would have the administrative discretion to adjust postal regulations for exemptions as to the mailing of master keys. Then a criminal penalty was added of a \$1,000 fine and/or one year imprisonment. This will make the law more flexible and the House conferees and myself, as author of the bill, find this satisfactory.

Second, the Senate added a provision providing for arrest and subpoena powers for the Postal Inspection Service. This is an anticrime measure and one which will clarify the position of the

Postal Inspection Service by statute as to arrest powers. It is a good measure.

Third, another provision was added by the Senate which will allow wage boards to take into consideration the pay scales paid to specialists in another area. For instance, a jet engine mechanic's job should not be compared to a garage mechanic's position because the wage board area is limited geographically. The very next area where specialists are employed should be used for comparison. This Senate amendment will be helpful to rural congressional districts that have a Government installation, such as an air base that is very distant from any other like installation.

I want to thank here and now Mr. Peter Duncan, editorial director of the WCAU television station in Philadelphia. Mr. Duncan is the news editor there and a good one. He is the first person who called this matter to my attention and he and I are coauthors of this bill. I want to congratulate both he and his station for their public service and news coverage.

Let me conclude that the Senate and House conferees worked very hard on this matter and I believe that the conference report deserves the support of every House Member.

Mr. DULSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Speaker, I am in full support of the conference report on H.R. 14935 and urge its adoption.

As indicated earlier, the Senate added two additional provisions to our House-passed bill dealing with the mailing of motor vehicle master keys.

The first provision, which clarifies the authority of postal inspectors to make arrests without warrants and to serve warrants and subpoenas, is identical to H.R. 18100 which passed the House on the Consent Calendar on September 16.

The second provision, relating to the pay of wage board employees, is designed only to apply the comparability principle to its fullest extent in setting the salaries of certain groups of these employees.

The provision will permit an agency to make a fair, equitable, and relevant wage comparison for a blue-collar employee whose skills and training, and whose degree of technical competence, do not compare with a private enterprise job in the same locality.

In many Federal installations throughout the country, particularly those located in nonindustrial areas, there are employed highly skilled technicians for which there are no similar jobs in the local economy. In such cases, the Senate amendment would permit a wage determination to be made on the basis of similar jobs in private industry in the nearest wage area that is most similar in the nature of its population, employment, manpower, and industry.

Adoption of the Senate amendment in the conference report will permit the so-called comparability principle that has already been established for other Federal employees to be fully implemented

DIGEST of Congressional Proceedings

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HIGHLIGHTS: Senate passed foreign aid appropriation bill. Senate agreed to conference report on intergovernmental cooperation bill. Senate received Davis nomination to CCC Board.

SENATE

1. INTERGOVERNMENTAL COOPERATION. Agreed to the conference report on S. 698, the proposed Intergovernmental Cooperation Act of 1968 (pp. S12057-61). This bill will now be sent to the President. For a summary of the conference substitute bill see Digest 161.
2. APPROPRIATIONS. Passed, 44-13, as reported H. R. 19908, the foreign aid appropriation bill. As passed the bill would appropriate a total of \$2,658,261,000, an increase of \$317,250,000 over the House-passed figure of \$2,341,011,000. Conferees were appointed. House conferees have not been appointed. pp. S12079, S12083-94

3. TAXATION. Sen. Metcalf spoke in support of his bill to limit the amount of deductions attributable to the business of farming which may be used to offset nonfarm income and inserted supporting material. pp. S12065-9
4. MEAT IMPORTS. Sen. Jordan, Idaho, spoke on the "need for supplemental legislation to correct present defects" in legislation providing for the imposition of quotas on certain meat and meat products and expressed the hope that early in the next Congress "sound" import-export policies on beef and associated agricultural industries will be applied. pp. S12070-1
5. NOMINATIONS. Received the nomination of Ted J. Davis to be a member of the CCC Board and confirmed the nomination of Albert Bushong Brooke, Jr., to be a member of the Federal Power Commission. pp. S12056-7, S12113
6. PERSONNEL; CLAIMS. Passed as reported S. 4120, to authorize the waiver, in certain cases, of U. S. claims arising out of erroneous payments of pay to employees of the executive agencies. pp. S12053-5
Concurred in a House perfecting amendment to the Senate amendment to H. R. 13844, to provide additional leave of absence for Federal employees in connection with the funerals of their immediate relatives who died while on duty in the Armed Forces. This bill will now be sent to the President. p. S12107
7. NUTRITION; HUNGER. Agreed as reported to S. Res. 394, authorizing the Select Committee on Nutrition and Human Needs to examine, investigate, and make a complete study of any and all matters pertaining to the lack of food, medical assistance, and other related necessities of life and health. p. S12053
Sen. Byrd, W. Va., stated that to save thousands of Biafrans from starving "Congress should urge that the direction of the relief program be taken over by an international organization which has the power of political sanction." pp. S12061-2
8. WILDERNESS. Sen. Yarborough stated his bill to create a Big Thicket National Park in Tex. is gaining support and called on Congress not to allow it to be destroyed. p. S12072
9. ADJOURNED until Mon., Oct. 7. p. S12113

EXTENSION OF REMARKS

10. POVERTY. Sen. Prouty inserted the remarks of a survey of three low-income areas in the Dist. of Columbia. pp. E8527-99
11. OPINION POLL. Rep. Eilberg inserted the results of a questionnaire, including items of interest to this Department. pp. E8601-2
12. REPORTS. Reps. Griffiths and Podell reported to their constituents on the accomplishments of the 90th Congress. pp. E8604-6, E8648
13. REORGANIZATION. Rep. Hanna inserted a list of "fundamental reforms" which he thinks should be made in the Congress. pp. E8618-20

I have learned, after investigation, that the reporter of *Electrical World* has misquoted Mr. Brooke, that Mr. Brooke is not familiar with all the problems to be presented to the Commission. I feel that that happens to every appointee. I believe he will be unbiased and objective in handling the various concerns that come before the Commission; and the statement in *Electrical World* is inaccurate.

Therefore, Mr. President, I have given up some of the misgivings I had. I hope Mr. Brooke will be an excellent member of the Federal Power Commission, and I shall vote for his confirmation.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. METCALF. I yield.

Mr. MORTON. Mr. President, I appreciate the diligence of the junior Senator from Montana in this matter. I know that there was confusion in the quotation from the magazine, because I know that Mr. Brooke has the highest respect for the Chairman of the Federal Power Commission. They both were associated with Kentucky on the Hill some years ago and worked out many problems together, when Chairman White was associated with the senior Senator from Kentucky [Mr. COOPER].

As the Senator knows, Kentucky is a balanced State: We have private power, we have TVA, and we have one of the greatest RECC's in the country.

I commend the Senator for his diligence and for his fairness.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER FOR ADJOURNMENT TO MONDAY, OCTOBER 7, 1968

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERGOVERNMENTAL COOPERATION ACT OF 1968—CONFERENCE REPORT

Mr. METCALF. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our

Federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of September 30, 1963, pp. H9260-H9263, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. METCALF. Mr. President, the conference report on S. 698 now before the Senate represents the culmination of 8 years of continuous legislative activity by the Congress. Enactment of this bill will be a major step in improvement of the processes of government in this country at a time when the effectiveness of government is being tested as never before in our history.

S. 698 was introduced in January of 1967 by the junior Senator from Maine [Mr. MUSKIE]. It has 31 cosponsors. It is a bipartisan measure, representing a broad area of agreement among the groups and individuals most highly qualified in the field of intergovernmental relations. It is wholly constructive in character. It has a broad base of support. It was unanimously passed by the Senate on July 29 of this year.

The origins of this bill can be traced back to the recommendations of the Kestnbaum Commission whose report in 1955 pointed up the need for reform in the system of Federal grants-in-aid to State and local governments. There followed a period of intensive study, both in and out of the Congress, of the problems of intergovernmental relations.

The Senate's Subcommittee on Intergovernmental Relations conducted intensive investigations, to which officials of State and local governments made significant contributions. Out of these studies developed legislative proposals, several of which were unanimously adopted by the Senate, though final action on them was not taken by the other House. Among these were S. 2114, to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government, which was passed by the Senate in 1964. Another was S. 561, the Intergovernmental Cooperation Act of 1965, which was passed by the Senate in 1965.

The bill we have before us, S. 698, is the end product of this long process of study and legislative activity. It combines some of the best elements of the legislation which has been considered in the past, leaving others, such as uniform relocation assistance for persons displaced by public improvement programs and uniform land acquisition policies yet to be dealt with. Agreement by the other House to the conference report on Tuesday gives us the opportunity today to complete congressional action on a bill of great merit and great potential benefit to the country.

The substitute bill presented in the conference report has benefited from the careful and thorough consideration given by the conferees to the differences between S. 698, as passed by the Senate, and the House amendment. Most differences of a substantive character between the Senate bill and the comparable provisions of the House bill were resolved in favor of the Senate version, while a number of improvements and clarifications made by the House were adopted. In addition, the conferees agreed on an amended, and in some respects strengthened and improved, version of the provisions for congressional review of Federal grants-in-aid, which was included in the Senate bill but not in the House amendment.

Title I sets forth the necessary definitions.

In title II, providing for improved administration of grants-in-aid to the States, the Senate bill required Federal agencies administering programs of grants-in-aid to notify, on request, the Governor—or official designated by him—or the State legislature of the purposes and amounts of actual grants-in-aid to the State or its political subdivisions. The conference substitute requires that, on request, notification be given to the Governor, State legislature, or other official designated by either, and that a copy of the requested information be furnished to the State legislature or the Governor depending upon the original request for such data.

Both the Senate bill and the House amendment contained a section relating to scheduling of Federal transfers to the States. The House amendment, however, deleted a provision of this section of the Senate bill which directed that the States not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes. The conference report contains this provision of the Senate bill.

In title III, the Senate bill provided that funds received by Federal agencies as payment for furnishing specialized or technical services to State and local governments be deposited to the credit of the principal appropriation from which the cost of providing the services was paid or is to be charged, or to the appropriation currently available for the cost of similar services. The House amendment required that these funds be deposited to miscellaneous receipts of the Treasury. The conference substitute provides that these funds shall be deposited to the credit of the principal appropriation from which the cost of pro-

viding the services was paid or is to be charged.

In title IV, the Senate bill directed the President to establish rules and regulations for uniform application in the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, for the purpose of assuring that they will most effectively serve objectives stated in the bill. The House amendment authorized but did not direct the President to do so. The conference substitute follows the Senate language.

The Senate bill and House amendment both contain an amendment to the Federal Property and Administrative Services Act of 1949, setting forth policies to help assure that acquisition, use, and disposition of land within urban areas by Federal agencies will be in conformity with land utilization programs of affected local government. This appears as title V in the conference report, with agreement on minor changes in language.

Title V of the Senate bill related to congressional review of Federal grants-in-aid to States and to local units of government. The House amendment contained no comparable provision. Title VI of the conference report contains a substitute for title V of the Senate bill.

The substitute eliminates provisions for the automatic termination after 5 years of grant-in-aid programs enacted in the 91st and subsequent Congresses. It was recognized that few such programs have been enacted in recent years without specified termination dates. In deleting the automatic termination provision, the conferees agreed upon the objective that reasonable termination dates be placed on all new programs and on existing programs, and make this recommendation to the appropriate committees of the Senate and the House.

The Senate bill provided for Senate and House review of all future grant-in-aid programs which have authorizations of more than 3 years. Such review would consider the extent to which the purposes of the programs have been met, the extent they can be carried on with or without further financial assistance, whether changes are needed in their direction, administration, or purpose, and the adequacy of the programs.

The conference substitute provides for review at 4-year intervals of all grant-in-aid programs for which no expiration date has been specified by law, regardless of when they were enacted. The committees of the Senate and the House having legislative jurisdiction over such grant-in-aid programs are directed, separately or jointly, to conduct studies of the programs and to advise their respective Houses of the results of their findings.

The Senate bill provided for continuing studies of certain aspects of Federal grant programs to be made by the Comptroller General of the United States. The conference substitute authorizes the Comptroller General to conduct these studies, but only on request of a committee having jurisdiction over the grant-in-aid program. This, of course, does not in any way affect the authority

already vested in the Comptroller General to investigate and audit all Federal programs.

The conference report provides that nothing in the bill shall be construed to affect the jurisdiction of committees under the rules of the Senate or House.

The House amendment deleted titles VII and VIII of the Senate bill, which related to uniform relocation assistance and uniform land acquisition policy, and title IX, which related to judicial review of certain administrative actions under titles VII and VIII. The conference substitute omits these three titles.

The conferees were in agreement on the desirability of the Congress enacting a uniform relocation policy to assist those displaced from their homes, farms, or businesses by Federal and federally assisted projects. They were also agreed upon the desirability of a uniform land acquisition policy in cases where Federal or federally assisted programs result in the taking of land of private owners. They recommend to the appropriate committees of both Houses that action be taken on these objectives as soon as possible.

Mr. President, no one could regret more than your conferees the necessity for omitting from the conference report those provisions which relate to uniform relocation assistance for persons displaced from their homes and businesses by projects carried out by the Federal Government or by States or local governments with Federal assistance.

The conferees were faced with a choice between insisting upon inclusion of those provisions and thus stalemating the conference, or agreeing to their exclusion and thus obtaining agreement on a good strong bill dealing with many important areas of intergovernmental cooperation.

The House conferees did not argue against the relocation and land acquisition provisions on their merits. On the contrary, they freely acknowledged the necessity for legislation along the lines of that included in the Senate bill. They pointed, however, to the record of the House at the time the House bill was passed. Because in the House of Representatives jurisdiction over relocation assistance and land acquisition policies belongs to the Public Works Committee and not to the Committee on Government Operations, the House conferees were committed not to bring back to the House a conference report which included any language on these two subjects. In view of the jurisdictional lines of the House, there was nothing that the House conferees could do at that point, and there was nothing which the conference itself could do to resolve this difficulty.

The managers on the part of the House nevertheless expressed their own convictions on this subject as follows:

The conferees were in agreement on the desirability of the Congress enacting a uniform relocation policy to assist those displaced from their homes, farms, or businesses by Federal and federally assisted projects. They were also agreed upon the desirability of a uniform land acquisition policy in cases where Federal or federally assisted programs result in the taking of the land of private owners. They recommend to the ap-

propriate committees of both Houses that action be taken on these objectives as soon as possible.

Though S. 698 does not itself deal with the subject of relocation assistance, its extensive investigations and hearings on this subject have not been fruitless.

The greatest single cause of displacements of families, individuals, and businesses is highway construction. The Department of Transportation estimates that total displacements on all Federal aid highway systems for the 3-year period from July 1, 1967, through June 30, 1970, will reach almost 170,000 or more than 56,000 a year. You can obtain some idea of the severity of this human dislocation when you consider that it is during these 3 years that the Interstate System will make its heaviest impact on congested urban areas, for the most part occupied by those least able to bear the shock.

For this reason the Senate Committee on Public Works decided to include in the Federal Aid Highway Act of 1968 provisions for relocation assistance to those dislocated by highway construction. Recognizing that his subject was of primary concern to the Committee on Government Operations, the Committee on Public Works came to our committee for assistance in writing those provisions. The result was a set of provisions in the Highway Act closely paralleling those of S. 698.

The senior Senator from West Virginia [Mr. RANDOLPH], in presenting the Highway Act to the Senate, had this to say:

Title II would establish broad gage program designed to insure that those displaced and dislocated by Federal-aid highway construction are aided and assisted in reestablishing their homes, farms, and businesses.

It is timely to point out that these provisions have been modeled after S. 698, legislation introduced by the Senator from Maine [Mr. MUSKIE], on which extensive hearings were held by the Subcommittee on Intergovernmental Relations of the Committee on Government Operations. Also joining with him in that important undertaking is a very valued member of the Subcommittee on Roads of the parent Committee on Public Works, the distinguished Senator from Tennessee [Mr. BAKER].

The thinking of these two Senators has helped the subcommittee and the full committee to realize the importance of the work which has been done by the Senator from Maine and the Senator from Tennessee who have led the effort to develop a more effective and equitable relocation program.

We value the work of the Subcommittee on Intergovernmental Relations, and though the full range of S. 698 will not be implemented in this Congress, a major step forward will be achieved in applying these provisions to the highway construction program.

The language of title II of S. 3418, as reported, reflects in large part the improved understanding of relocation procedures which has developed as a result of the long term efforts of the Senator from Maine, the Senator from Tennessee, and others in connection with this subject. It is not a subject that will decrease in interest. It is not a problem that will lessen.

Furthermore, the Committee on Banking and Currency included in the Housing and Urban Development Act of 1968 provisions borrowed from S. 698 to bring the level of relocation assistance in urban renewal and other housing and urban de-

velopment programs as near as possible to the level of that provided in S. 698.

Dislocations resulting from the highway program and from the various programs coming under the Housing and Urban Development Act make up the bulk of all dislocations resulting from Federal or federally assisted projects.

Largely as a result of the work on Government Operations and the interest and initiative of the Committee on Public Works and the Committee on Banking and Currency, relocation assistance is now available in generous measure in virtually all Federal or federally assisted programs. This is a notable achievement.

What remains to be done, and what I am certain will be done, is to blend the provisions in all of these programs into a uniform system of relocation assistance which can be administered in a purposeful and coordinated manner under uniform policies established by the President.

I believe a measure to accomplish this will obtain broad support in both Houses of the Congress and that it will become law. Those who have worked so hard for a uniform relocation policy will certainly pursue this in the next Congress.

Before concluding, I should like to stress again the cooperative and completely bipartisan spirit in which this legislation has been developed and brought finally before the Senate for this conclusive action. Many, in both Houses, have worked together over a period of years to produce a bill which would help adapt the processes of government to the needs of our country today and in the years to come. Recognition should be given to the leadership of the junior Senator from Maine [Mr. MUSKIE] who has devoted himself faithfully since he first came to the Senate to measures for the improvement of our Federal system of government. Recognition should also be given to the senior Senator from South Dakota [Mr. MUNDT], who is the ranking minority member of the Subcommittee on Intergovernmental Relations and of the parent Committee on Government Operations, for the deep interest he has taken in this work and for his own legislative proposals now incorporated in the measure we have before us.

I urge that the Senate agree to the conference report on S. 698, the Intergovernmental Cooperation Act of 1968.

Mr. PERCY. Mr. President, on behalf of the Senator from Tennessee [Mr. BAKER], who is necessarily absent today, I ask unanimous consent to have printed in the RECORD at this point a statement prepared by him.

There being no objection, the statement by Senator BAKER was ordered to be printed in the RECORD, as follows:

Mr. BAKER. Mr. President, the Intergovernmental Cooperation Act is a measure designed to improve the working relationships among governments at the federal, state and local levels so that they can, in cooperation, deal more effectively with the increasingly complex problems of our society. I was happy to join in co-sponsoring this proposal after it was introduced by the distinguished junior Senator from Maine (Mr. Muskie).

The Senate-passed version of this Act included several titles that were not adopted by the House of Representatives. Title VII of the Senate Act provided for uniform relocation assistance to persons displaced by federal or federally assisted programs. The objective of this title was to insure that such displaced persons would be left no worse off economically than they were before being displaced. Title VIII of the Senate Act set forth a uniform land acquisition policy to assure consistent treatment for owners with regard to the acquisition of real property by federal agencies. Finally, Title IX made clear that all sections of Titles VII and VIII which required any actions by a federal agency would be subject to the Administrative Procedure Act for purposes of administrative and judicial review of such action.

Mr. President, these three titles passed by the Senate and not agreed to in conference are vitally necessary to assure equitable treatment of persons whose homes and property are taken by public projects. In my view, these three titles were the most important of the Senate-passed Act. On the other hand, I recognize that there are important and much needed provisions in the other titles which have been agreed to by the conference. Accordingly, I do not oppose the conference report, but it is my firm hope that in the next legislative session the Congress will enact provisions insuring a uniform relocation policy, a uniform land acquisition policy, and a provision for judicial review of the actions of federal agencies in these areas.

Mr. PERCY. Mr. President, I was not yet a member of the Government Operations Committee at the time the Intergovernmental Cooperation Act was before the committee and was before the Senate. This measure is in my view an outstanding legislative achievement. It reflects very highly on the committee, and on those Senators who were on the committee and who contributed to the shaping of this bill. I am proud now to be a member of the Government Operations Committee; I would hope that my membership there will enable me to help continue this vital work in improving the responsiveness of our federal system, and in an increasingly complicated society, assuring that all levels of government are able to work closely together in serving the great constituency which is common to all levels and branches of government.

Acceptance of this conference report is the more significant in the light of the history of this measure. The Senate passed the Intergovernmental Cooperation Act of 1965, and the Uniform Relocation Act of 1966, in the 89th Congress where they died without action by the House. Although, as my able colleague from Tennessee [Mr. BAKER] points out, the key titles of the bill have again failed House approval, the act represents a significant achievement, nonetheless. I would be hopeful that in the next Congress we can secure enactment of the measures relative to uniform land acquisition and disposition procedures, uniform relocation policies and procedures, and judicial review of procedures relating to these areas.

Mr. President, I can attest that there is great interest in this measure throughout the United States. At every level of government are public servants—elected and appointed—who have indicated their support for this bill. Just yesterday, I

received a telegram from Richard Ogilvie, presently president of the Cook County Board of Supervisors and our outstanding Republican candidate for Governor of Illinois, who indicated his recognition of the merit of the conference report, and his support for its immediate passage. I ask unanimous consent that this telegram to me be inserted at this point in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD as follows:

HON. CHARLES H. PERCY:

I urge you to support conference report on S. 698—Intergovernmental Cooperation Act of 1968. This bill greatly improves cooperation and coordination of activities among all levels of government. It will help state and local governments in dealing with the Federal Establishment.

RICHARD B. OGILVIE,
President, Cook County Board of Commissioners.

Mr. PERCY. Mr. President, I urge the adoption of the conference report.

Mr. HATFIELD. Mr. President, I urge the enactment of the proposed Intergovernmental Cooperation Act of 1968—S. 698. This omnibus legislation is designed to curb some of the sources of friction in today's Federal-State-local relations. Moreover, it implements proposals advanced by the National Governors' Conference, the Council of State Governments, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors, and the Advisory Commission on Intergovernmental Relations.

The need for this legislation is underscored by the basic trends that characterize the course of contemporary federalism:

First, the demand for more public revenues has hit State and local governments most directly and most severely; witness the fact that these jurisdictions now account for approximately three-fifths of the total civil governmental expenditures.

Second, in response to these pressures, the Federal Government has expanded its role in domestic governmental programs and in intergovernmental relations—largely via the grant-in-aid mechanism.

Third, grant expenditures have risen from \$1 billion in 1946 to an estimated \$20.3 billion for the next fiscal year.

Fourth, at present, Federal grants provide State and local governments with approximately \$1 out of every \$6 they spend.

Finally, with expansion of grants to over 400 in number, serious problems of proliferation, varying and inconsistent formulas and regulations, overlapping, and conflicting planning goals have arisen.

These developments combine to bring us to a point where the need for intergovernmental administrative reform is mandatory. We clearly need a more effective collaboration between the various levels of government—especially as they join to combat the development problems in rural as well as urban areas. We need to achieve greater consistency in the operations of proliferating Federal grant

programs. We need greater flexibility and coordination in the administration of Federal grants—especially at the State level. We need to reform grant requirements—especially the “single agency” requirement—so that State governments’ efforts to streamline their administrative structures are not shackled by Federal regulations. I can speak—from personal experience as a former Governor—of the negative effects of the “single agency” provision. We need to strengthen the techniques of collaboration among the levels of government—including the services-in-aid as well as the grant-in-aid device. We need to achieve more effective planning and interagency coordination of Federal programs having an impact on both urban and rural areas. We must conserve the strength and authority of general purpose units of government at the local level—counties, cities, and towns—given the surging expansion of special districts in recent years. We need to instill greater sensitivity in the Federal executive branch—especially the General Services Administration—in the administration of their land-use policies in urban municipalities. Finally, we need to systemize Congress’ review of Federal grants-in-aid—especially those that are ongoing programs—that is, those without termination provisions.

The Intergovernmental Cooperation Act confronts all of these problems, and each of its titles helps to correct one or more of the difficulties I have cited. Since its inception, this measure has enjoyed strong support from both sides of the aisle—here and in the other body. The hearings on the measure have revealed strong support from public interest groups representing State and local officials.

We have the opportunity today to take a significant first step toward strengthening the machinery of a more modern Federal system. Mr. President, I strongly urge that the Senate give favorable consideration to this measure.

Mr. METCALF. Mr. President, on behalf of the Senator from New Mexico [Mr. MONTROYA] who is necessarily absent today, I ask unanimous consent to have printed in the RECORD at this point a statement prepared by him.

There being no objection, the statement by Senator MONTROYA was ordered to be printed in the RECORD, as follows:

STATEMENT BY MR. MONTROYA

Mr. President, I rise to give my full support to the conference report on S. 698, the Intergovernmental Cooperation Act of 1968.

This is a measure primarily concerned with improving the management effectiveness of grant administrations at the Federal level. But more—and I want to emphasize this—it is a bill to insure Federal cooperation and help to State and local governments.

It smoothes the pathways of information and administration of grant funds to the States and their political subdivisions; it authorizes Federal agencies to provide them special or technical services and facilities for their development; it provides for conformity by Federal agencies with land use programs of local government; and it requires certain necessary methods of continuing review of Federal grant-in-aid programs.

But the heart of the bill lies in its title IV which is directed to a Federal policy of intergovernmental coordination.

We now have over 400 separate grant authorizations, being administered by over 150 departments, agencies and bureaus in Washington and some 500 offices in the field. At the same time our 50 States have hundreds upon hundreds of agencies administering their State and local development programs.

Hearings held by the Senate Subcommittee on Intergovernmental Relations developed unanimous testimony from Governors, mayors, county officials and other administrators, that not only has the Federal-aid program got to be coordinated, but it has to be better implemented to meet the objectives of regional, State, and local comprehensive planning.

This legislation provides the Chief Executive with the authority—and in fact makes it mandatory—that rules and regulations be promulgated to develop a modernized approach in Federal grant administration, get the maximum benefit from the grant-in-aid system, and to respect the particular needs and plans of the individual recipients.

Mr. President, I want to compliment the junior Senator from Montana [Mr. METCALF] for ably substituting for our distinguished chairman [Mr. MUSKIE] in the presentation of this conference report. I wish the junior Senator from Maine could be here today, for it was his vigor and leadership that helped to build this legislation and eventually to guide it through the intricate legislative process to this floor today.

I wish also to commend the staff of the Subcommittee on Intergovernmental Relations, which toils long and hard in a complicated field to seek out the problems that beset our federal system. They have made a vital contribution to our oversight function in the Committee on Government Operations.

Finally, I want to associate my interest with those of the conferees on this bill that we must press forward with a uniform relocation and land acquisition policy. Although we have made a great stride forward with the Highway Act this year, all Federal programs which displace people, businesses and farms, and take the land of private owners, should be covered with a meaningful policy.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. METCALF. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CORRECTION OF TITLE OF THE BILL S. 698, INTERGOVERNMENTAL COOPERATION ACT OF 1968

Mr. METCALF. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Concurrent Resolution 838, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Without objection the concurrent resolution is considered and agreed to as follows:

Resolved by the House of Representatives (the Senate concurring), That the Secretary of the Senate in the enrollment of the bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system is an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision

of reimbursable technical services to State and local governments, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, is authorized and directed to correct the title of the bill so as to read: “An Act to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance program, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to provide for periodic congressional review of Federal grants-in-aid, and for other purposes.”

Mr. HANSEN. Mr. President, I rise today to express my disappointment in the compromise on S. 698 which was reached by the conference committee. As a member of that conference committee, I chose not to sign the conference report.

The need for legislation to improve intergovernmental cooperation is great. I was a sponsor of the Intergovernmental Cooperation Act of 1968. However, the fundamental differences between the bill as it passed the Senate and the bill as it was reported by the conference committee have reduced, in great measure, the impact which this legislation will have.

The Senate titles relating to relocation and land acquisition were not an issue in the conference committee. I can appreciate the problems of committee jurisdiction which limited the flexibility of the House conferees. However, if the Intergovernmental Cooperation Act is passed today without these important provisions, much of the incentive for the House of Representatives to solve its procedural problems in this area will be lost. The likelihood of ever obtaining relocation and land acquisition legislation will be immeasurably diminished. The failure to provide sound policies for relocation and land acquisition will greatly hinder the development of sensible intergovernmental cooperation programs in the future.

The conference committee compromise with regard to congressional review of Federal grants-in-aid to States and to local units of government did not include the automatic termination provisions. That provision which applied only to programs which did not have expiration dates would have required affirmative action by Congress every 5 years to continue those grant-in-aid programs. Since affirmative action by Congress would be required, it was anticipated that thorough investigation and consideration would be given to the efficiency and effectiveness of these programs. The conference committee compromise provides that grant-in-aid programs without expiration dates will continue indefinitely even though no affirmative action

is taken by Congress. The committees of the Congress having jurisdiction over such grant-in-aid programs will be required to study the programs and advise the respective Houses of the results of their findings. The committee action required by the compromise, however, will not provide the same impetus for thorough investigation of the effectiveness and efficiency of grant-in-aid programs as would be provided by the bill as passed by the Senate which required reauthorization of the programs.

Legislation which will establish a meaningful policy for intergovernmental cooperation is needed. I would hope that the 91st Congress will be able to enact a bill which would include relocation and land acquisition provisions as well as a system for adequate review of grant-in-aid programs.

AUTHORIZATION FOR SECRETARY OF THE SENATE TO MAKE A CORRECTION IN THE ENROLLMENT OF S. 698

Mr. METCALF. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 838.

The PRESIDING OFFICER laid before the Senate House Concurrent Resolution 838, authorizing the Secretary of the Senate to make a correction in the enrollment of S. 698, as follows:

H. CON. RES. 838

Resolved by the House of Representatives (the Senate concurring), That the Secretary of the Senate in the enrollment of the bill (S. 698), to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, is authorized and directed to correct the title of the bill so as to read: "An Act to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to provide for periodic congressional review of Federal grants-in-aid, and for other purposes."

Mr. METCALF. Mr. President, in explanation, when the House of Representatives passed the conference report in connection with S. 698, they failed to amend the title of the bill. House Concurrent Resolution 838 merely provides for amending the title.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (H. Con. Res. 838) was agreed to.

U.N. URGED TO ACT ON BIAFRA

Mr. BYRD of West Virginia. The picture of thousands of Biafran war victims—many of them tiny children—being permitted to starve to death each day is as horrifying as any example I can contemplate of man's inhumanity to his fellow man.

The Biafran tragedy gives evidence that the four horsemen—war, pestilence, strife, and famine—are still riding at a gallop and that man's humanitarian impulses too often are so weak that they succumb to political and economic considerations which, under the circumstances, should be irrelevant, or at least secondary.

The food supplies and the technology to prevent this massive death by starvation are available; all that is lacking is the human will to insure its delivery—the will of the Biafran and Federal Nigerian Governments to cooperate in order to facilitate the delivery of relief, the will of the international community to place its political power behind an intensive relief effort. Today as we in this Chamber contemplate what can, should, or may be done to save thousands, perhaps millions, of Biafrans from starvation, hundreds of these people are dying. By the end of the day, according to International Red Cross estimate, 8,000 to 10,000 Biafrans will have died. For them our verdict will be too late. For the more than 40,000 who will die this week we also will be too late, but let us not also be too late for the additional more than 1 million who may be dead by January.

This is not a time for trying to balance political or economic interests. We can have only one interest, one motivation—a humanitarian drive to use the means available to prevent the gradual decimation of the Biafran people. What matters most is food plus transport so as to bring about quick and effective humanitarian relief. Since the main obstacles—which the current relief effort under the coordination of the International Red Cross cannot overcome—are political, Congress should urge that the direction of the relief program be taken over by an international organization which has the power of political sanction. The Organization of African Unity, as the organization for regional cooperation, would perhaps be the most natural and effective group to deal with this emergency. However, since the OAU Foreign Ministers, meeting a few weeks ago in Algiers, chose to refrain from any greater action than condemning the Biafran secession, the United Nations is our only alternative. The U.N.'s previous reluctance to deal with the Biafran crisis should not deter interested member nations from bringing the Nigerian situation before the body. The issue should be forced to a vote, so that each nation will have to weigh its ballot in the light of its moral conscience.

The General Assembly is now in session. There is no reason for further delay.

To promote prompt action, the United States should propose that a United Nations relief force be organized to transport and distribute the relief supplies which are already being gathered by the International Red Cross and many other relief agencies. Planes flown under U.N. insignia should be manned by representatives of governments acceptable to both the Biafran and Federal Nigerian Governments. If the Governments of Biafra and Nigeria fail to cooperate with this multinational, humanitarian effort, the members of the United Nations should agree to withdraw all present and future technical and economic assistance to them. The political obstacles to relief must be overcome and the United Nations appears to be the only international organization able to surmount them.

For the United Nations to do less, for the nations and peoples of the world to do less is to fail to fulfill one of the humanitarian purposes for which the United Nations was organized; a failure to act would be a denial of our common bond of humanity. If the great powers hesitate to support such an endeavor toward humanitarian action, it would appear that future generations may justly accuse them of giving in to political and economic self interest. By proposing a resolution for a U.N. relief effort, the United States is not contradicting its policy of supporting the integrity of existing African boundaries and the nationhood of a united Nigeria. As President Johnson said:

Deaths caused by warfare are tragic enough. But mass starvation that can be prevented, must be prevented.

If the United States does not place its support behind a stronger and internationalized Biafran relief program, will our hesitation stem from the fear that the Nigerian Federal Government may fall and the showcase of our African aid program will be shattered? The picture of possibly 5 million Biafran graves, however, obscures the image of a Nigerian showcase. I truly do believe that the principles behind American diplomacy are of a higher moral quality than that. In failing to take stronger action is the United States merely following the lead of British policy as we have so unwisely and unimaginatively done in the Rhodesian situation?

We have made some attempts to strengthen relief programs, but no effort is too strong when so many human lives are at stake.

It is not the United States alone which can be accused of possibly giving in to political or economic self-interest. What humanitarian answer has France offered to counter the weight of its interference in Nigeria? In place of food, her citizens have provided the arms which help prolong the Nigerian conflict. Last week the French Government began openly sending military aid to the Biafrans.

Great Britain, which has allowed the traditional sales of defensive arms to Nigeria to continue, also has a very large interest in the Nigerian petroleum industry. It is estimated that Shell-British Petroleum has invested between \$500 and \$700 million in Eastern Nigeria. Great Britain annually imports 25 million tons of crude oil from Nigeria. Is it partially

because Britain feels that its oil interests are more firmly protected by the Federal Government, that it has not forced the Federal Government to cooperate with international relief attempts?

The Soviet Union can also be charged with self-aggrandizement in its sales to the Federal Government providing seven Czech Delfin fighters and 16 MIG-17's along with the services of 200 Russian and Eastern European maintenance men. In recent years Russia's attempt to gain influence on the African Continent seems to have suffered several setbacks. With the sale of arms and offers of economic and technical assistance to the Federal Government, the U.S.S.R. appears to be seeking an African beachhead in Nigeria. One also fears that Red China will answer the Biafran leader Colonel Ojukwu's reported request for military assistance, and thus prolong an already hopeless military struggle while attempting of further its own effort to gain influence in Africa.

What move has Russia, much less Red China, made to help formulate an effective Nigerian relief program?

This attempt to place a share of the guilt upon so many is merely meaningless rhetoric when placed beside the picture of a starving child. An estimated 100,000 Biafrans, mostly children, died in July. Will 200,000 die while the United States, the U.N., and the world stand and debate?

According to a well-regarded source, 5,100,000 Jews were exterminated by the Third Reich. In July the Biafran Government estimated that 5 million Biafrans would succumb to starvation by the end of this year. Thus it is quite ironic that the Biafrans have been known as "the Jews of Nigeria." I only hope that history will not record the tragic annihilation of two major ethnic groups—one decimated under the political program of a madman and another destroyed by the passivity of an indifferent world, able but unwilling to prevent such a disaster.

A TIME FOR PEACE IN THE HOLY LAND

Mr. KUCHEL. Mr. President, since the outbreak of hostilities in June 1967, I have devoted a great deal of time searching for a path by which an honorable peace in the Near East might be achieved. This ancient land has seen the recurrence of warfare three times in the past 20 years. It has become one of those sensitive areas in world affairs, like the periphery of Communist China, which poses a constant threat to world peace.

In my view, Mr. President, this need not be so. As I pointed out a few months ago in an address to the B'nai Zion in New York City, the times cry out for a genuine effort toward peace.

Recently, newspaper reports have indicated that active discussion of the ways and means of peace in the Near East may take place next week in New York City with the convening of the General Assembly of the United Nations. I am hopeful that this will be the case, and am greatly encouraged by reports that the

State of Israel intends to take the initiative in putting forth a workable peace proposal.

Earlier, I discussed what seemed to be some of the essential aspects for a peaceful settlement. They have now been broadly accepted in the public dialog, at least here in America. They include, first and foremost, a treaty of peace and mutual recognition of sovereignty, ratified and publicly accepted by all parties, defensible frontiers for each nation, a just solution to the problem of Arab lands under military occupation, a permanent cure for the plight of hundreds of thousands of refugees, and firm agreement on international use of waterways.

The capstone of any workable solution must be agreement on the future of the city of Jerusalem. Earlier, I said:

In this cause, the city of Jerusalem will again play a major role. It occupies once again a strategic crossroad. In this Holy City we all have a continuing concern, as communicants and seekers of truth. The Israeli government has announced its interest in working with the Vatican on administration of the Holy Places. It has already signified that it will adhere to its long-standing policy of placing them under international control.

An avowed and accepted international interest in Jerusalem would make it a drawing point for all peoples all over the world. The benefits to be derived from this would redound to the whole region. Even before the conflict of last June, the anemic economy of Jordan had learned to profit from tourist trade, and had done so despite the ridiculous rigamarole associated with the Mandelbaum Gate—now, thankfully, passed into history. With the free movement of people which a real peace would bring to the Near East, that traffic would increase many times. Certainly, there is no question that under the present arrangement, more people will be able to visit the Holy Shrines than ever before. An intelligent policy on the part of Jordan, Egypt and Lebanon, if that is not too ephemeral to contemplate, would extend those benefits to the entire Eastern Mediterranean.

But it is not simply a tourist economy that would flourish after a true peace in the Holy Land. Large sections of the Arab world, particularly Jordan and Southern Syria, have been closed off from access to the sea. This folly of Arab intransigence has diverted large quantities of trade through the Port of Beirut which ordinarily would have passed through Haifa, Gaza, and Jaffa. It would be to the advantage of all residents of the Holy Land to establish a free market to Jerusalem for Arab produce, both agricultural products and handicrafts. This would provide immediate advantages of a greater market to both sides. Combined with free access to the sea and a customs zone at one of Israel's teeming ports, the Arab hinterland would find a strong pull of self-interest toward continued peace and understanding with the people of Israel.

Jerusalem is a holy city to a large portion of the nations of the world. It is a physical expression of the common concern that we must have for peace in the Holy Land and beyond, if the human race is to remain. The United Nations, therefore, is a suitable venue for the solution of this problem. I firmly believe that the ingredients for an effective solution are there, and I add my voice to those who would urge that men and nations of good will seize upon this opportunity which could be the last.

A SERMON TO REMEMBER

Mr. STENNIS. Mr. President, recently it was my privilege to hear an outstanding and challenging sermon delivered at the National Presbyterian Church in Washington by the Reverend Basil Watson, a visiting minister from London, England.

Reverend Watson is a member of the British Navy and is the Chaplain of the Royal Naval College in London.

The sermon reflects the fine character and spiritual strength of Reverend Watson and shows also a broad understanding of the practical problems that face us not only in England but also in America and elsewhere.

I ask unanimous consent to have the sermon printed in the RECORD.

There being no objection, the sermon was ordered to be printed in the RECORD, as follows:

SERMON PREACHED BY THE REVEREND BASIL WATSON, CHAPLAIN, ROYAL NAVY

"Who knoweth whether thou art not come to the kingdom for such a time as this?" That text is, of course, a quotation from the Bible, and, good Bible students as you are, I'm sure that most of you know where it comes from. For some of you it may, however, be, as you say, a 64,000 dollar question. It's for your benefit that I tell you it comes from that very good novel in the Old Testament, the book *Esther*, Chapter 4, verse 14.

A quotation, then, in the first place. A question in the second. I'm going to turn it into a topical question, if you don't mind; a question which I hope an Englishman may be permitted to ask of such a congregation as this. "Who knoweth whether Thou (the American people) are not come to the kingdom for such a time as this?" For you have, haven't you, come to the kingdom: to the kingdom of immense power: to the kingdom of world influence: to the kingdom of an unique global responsibility for the other people? I hear the consenting answer don't I? I don't want to say more until I'm really sure that I have pinned that one on you; that you are aware that you play the role of the most powerful people in the world. That is the role that you have been playing at any rate both in the defense of others and in the extremely generous aid you have given since World War II, to both great and small nations. So whether you like it or not the world now looks to you as the inheritors of this kingdom; and, as we look, we want you to be great; we want you to be good; we want you to measure up to the challenge of such a time as this.

The question, however, that arises out of the text is not just a topical question of identity—are you not the people who have come to the kingdom—but a question of deep significance. It's not a question, you see, of the way things are, but of the "why" things are as they are. Is there not a purpose behind your coming to the kingdom? Is there not a real reason, shall we say a divine meaning, a development to be accomplished by you in man's history, which can have an eternal significance? "Who knoweth?" And the force of that question surely prompts the answer that of course there is.

I apologize and in a way I am sorry to begin my sermon like this. But I do so only because those of us who look at you from outside do grieve for you at the size of the kingdom that you rule at such a time as this. Those of us who have in time past carried a similar, if very much less of a burden of responsibility, feel its weight on your shoulders. We do. But, and here is the challenge of the question that the text poses: is it sympathy that you want? Is it pity that you are look-



Public Law 90-577
90th Congress, S. 698
October 16, 1968

An Act

To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society; to improve the administration of grants-in-aid to the States, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of development assistance programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to provide for periodic congressional review of Federal grants-in-aid, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Intergovernmental Cooperation Act of 1968".

Intergovernmental
Cooperation Act of
1968.

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

82 STAT. 1098

82 STAT. 1099

SEC. 101. The term "Federal agency" means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation.

STATE

SEC. 102. The term "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a plan or program, administered by a State or a political subdivision of a State, which is subject to approval by a Federal agency; if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term also includes money, or property provided in lieu of money, paid and furnished by the United States to any community action agency under the Economic Opportunity Act of 1964, as amended. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

78 Stat. 508;

79 Stat. 973,
1249.

42 USC 2701 note.

FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

SEC. 107. The term "Federal assistance", "Federal financial assistance", "Federal assistance programs", or "federally assisted programs", means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees, or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code secs. 47-2501a and 47-2501b).

80 Stat. 857;

81 Stat. 339.

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which any department or agency of the executive branch of the Federal Government is especially equipped and authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources; (B) long-range physical and fiscal plans for such action; (C) programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program; (D) coordination of all related plans and activities of the State and local governments and agencies concerned; and (E) preparation of regulatory and administrative measures in support of the foregoing.

HEAD OF AGENCY

SEC. 110. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing the Governor, the State legislature, or other official designated by either, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions. In each instance, a copy of requested information shall be furnished the State legislature or the Governor depending upon the original request for such data.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law or administrative regulation to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency. The head of the Federal agency and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to the grant-in-aid received by the States.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds, or subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program, the head of any Federal department or agency administering such program may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organizational arrangements within the State government and approve

other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide reimbursable specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The head of any Federal department or agency is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment, to the department or agency by the unit of government making the request, of salaries and all other identifiable direct or indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations determines Federal departments and agencies have special competence to provide. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or non-reimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS

DECLARATION OF DEVELOPMENT ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President shall, therefore, establish rules and regulations governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

(1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;

(2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

(3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

(4) Adequate outdoor recreation and open space;

(5) Protection of areas of unique natural beauty, historical and scientific interest;

(6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and

(7) Concern for high standards of design.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. State and local government objectives, together with the objectives of regional organizations shall be considered and evaluated within a framework of national public objectives, as expressed in Federal law, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

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(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and, to the extent authorized by law, made part of comprehensive local and areawide development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 501. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

“TITLE VIII—URBAN LAND UTILIZATION

“SHORT TITLE

“SEC. 801. This title may be cited as the ‘Federal Urban Land-Use Act’.

“DECLARATION OF PURPOSE AND POLICY

“SEC. 802. It is the purpose of this title to promote more harmonious intergovernmental relations and to encourage sound planning, zoning, and land use practices by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall, to the greatest extent practicable, be consistent with zoning and land-use practices and shall be made to the greatest extent practicable in accordance with planning and development objectives of the local governments and local planning agencies concerned.

63 Stat. 377.
40 USC 471
note.

Citation of
title.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned; and

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

"SEC. 804. (a) To the extent practicable, prior to a commitment to acquire any real property situated in an urban area, the Administrator shall notify the unit of general local government exercising zoning and land-use jurisdiction over the land proposed to be purchased of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that such advance notice would have an adverse impact on the proposed purchase, he shall, upon conclusion of the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the acquisition or change of use of any real property situated in an urban area as a site for public building, the Administrator shall, to the extent he determines practicable—

"(1) consider all objections made to any such acquisition or change of use by such unit of government upon the ground that the proposed acquisition or change of use conflicts or would conflict with the zoning regulations or planning objectives of such unit; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental

entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile; and

“(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

“(c) ‘Comprehensive planning’ includes the following, to the extent directly related to the needs of a unit of general local government:

“(1) Preparation, as a guide for governmental policies and action, of general plans with respect to (A) the pattern and intensity of land use, (B) the provision of public facilities (including transportation facilities) and other governmental services, and (C) the effective development and utilization of human and natural resources;

“(2) Long-range physical and fiscal plans for such action;

“(3) Programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program;

“(4) Coordination of all related plans and activities of the State and local governments and agencies concerned; and

“(5) Preparation of regulatory and administrative measures in support of the foregoing.”

TITLE VI—REVIEW OF FEDERAL GRANT-IN-AID PROGRAMS

CONGRESSIONAL REVIEW OF GRANT-IN-AID PROGRAMS

SEC. 601. (a) Where any Act of Congress authorizes the making of grants-in-aid and no expiration date for such authority has been specified by law, then prior to the expiration of each period specified in subsection (b) the Committees of the Senate and the House having legislative jurisdiction over such grants-in-aid shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made and advise their respective Houses of the results of their findings with special attention to—

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met;

(2) The extent to which the objectives of such programs can be carried on without further financial assistance from the United States;

(3) Whether or not any changes in purpose, direction or administration of the original program, or in procedures and requirements applicable thereto, shall be made; and

(4) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

(b) (1) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted before the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year beginning after the date of enactment of this Act, and thereafter prior to the expiration of the fourth calendar year following the year during which a study of such program was last conducted under this paragraph.

(2) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted after the date of enactment of this Act shall be conducted prior to the

expiration of the fourth calendar year following the year of enactment of such Act, and prior to the expiration of each fourth calendar year thereafter.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 602. (a) Upon request of any committee having jurisdiction over a grant-in-aid program, the Comptroller General shall make a study of such program to determine among other relevant matters, the extent to which—

(1) such program conflicts with or duplicates other grant-in-aid programs; and

(2) more effective, efficient, economical, and uniform administration of such program can be achieved by changing certain requirements and procedures applicable thereto.

(b) In reviewing grant-in-aid programs the Comptroller General shall consider, among other relevant matters, and the budgetary, accounting, reporting and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

Reports to Congress.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 603. Upon request of any committee having jurisdiction over a grant-in-aid program, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall conduct studies of the intergovernmental relations aspects of such program including (1) the impact of such program, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such program with State and local administration thereof, and shall report its findings and recommendations to such committee and to the Congress.

Report to Congress.

PRESERVATION OF HOUSE AND SENATE COMMITTEE JURISDICTION

SEC. 604. Nothing in this Act shall be construed to affect the jurisdiction of committees under the rules of the Senate and the House of Representatives.

Approved October 16, 1968.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 1845 accompanying H. R. 18826 (Comm. on Government Operations) and No. 1934 (Comm. of Conference).

SENATE REPORT No. 1456 (Comm. on Government Operations).
CONGRESSIONAL RECORD, Vol. 114 (1968):

July 29: Considered and passed Senate.

Sept. 16: Considered and passed House, amended, in lieu of H. R. 18826.

Oct. 1: House agreed to conference report.

Oct. 4: Senate agreed to conference report.

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